



# Zscaler Analyst Day 2021

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January 11, 2021

# Agenda

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## Welcome

Bill Choi, SVP of Investor Relations & Strategic Finance

## Vision and Strategy For Zero Trust Exchange

Jay Chaudhry, CEO, Chairman and Founder

## Leading With Innovation and Cloud Scale

Dr. Amit Sinha, CTO & President of R&D, Operations, Customer Service  
Patrick Foxhoven, CIO & EVP, Emerging Technologies

## Break

## Scaling Go-to-market

Dali Rajic, President Go-to-Market and CRO  
Chris Kozup, CMO

## Investing For Growth In Large Serviceable Market

Remo Canessa, CFO

## Q&A

# Safe Harbor

## Forward-Looking Statements

This presentation has been prepared by Zscaler, Inc. (“Zscaler”) for informational purposes only and not for any other purpose. Nothing contained in this presentation is, or should be construed as, a recommendation, promise or representation by the presenter or Zscaler or any officer, director, employee, agent or advisor of Zscaler. This presentation does not purport to be all-inclusive or to contain all of the information you may desire.

This presentation contains forward-looking statements. All statements other than statements of historical fact, including statements regarding our planned products and upgrades, business strategy and plans and objectives of management for future operations of Zscaler are forward-looking statements. These statements involve known and a significant number of unknown risks, uncertainties, assumptions and other factors that could cause results to differ materially from statements made in this message, including any performance or achievements expressed or implied by the forward-looking statements. Moreover, we operate in a very competitive and rapidly changing environment, and new risks may emerge from time to time. It is not possible for us to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results or outcomes to differ materially from those contained in any forward-looking statements we may make, including but not limited to the duration and global impact of COVID-19 on our business, operations and financial results and the economy in general; our ability as an organization to acquire and integrate other companies, products or technologies in a successful manner. Additional risks and uncertainties that could affect our financial and operating results are included in our most recent filings with the Securities and Exchange Commission (“SEC”). You can locate these reports through our website at <http://ir.zscaler.com> or on the SEC website at [www.sec.gov](http://www.sec.gov).

In some cases, you can identify forward-looking statements by terms such as “anticipate,” “believe,” “continue,” “contemplate,” “could,” “estimate,” “expect,” “explore,” “intend,” “likely,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “will” or “would” or the negative of these terms or other similar words. Zscaler based these forward-looking statements largely on its current expectations and projections about future events that it believes may affect its business. Actual outcomes and results may differ materially from those contemplated by these forward-looking statements. All forward-looking statements in this message are based on information available to us as of the date hereof, and we do not assume any obligation to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they were made.



# Vision and Strategy for Zero Trust Exchange

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Jay Chaudhry,  
CEO, Chairman and Founder

# Key Messages

- 01 A **leader in cloud security** enabling new zero-trust architecture to protect the hyperconnected world of users, customers, devices and workloads
- 02 Big **audacious goal** to become the strategic business policy and security enforcement platform for **200 million** users, **100 million** workloads and billions of OT/IoT devices
- 03 **Sustained innovation engine** to drive competitive differentiation and long-term growth
- 04 Built a go-to-market machine that can scale **strategic customer engagements** to drive measurable ROI for digital transformation
- 05 Leadership team that promotes **open ideas and execution-oriented culture** with the ability to attract, develop and support passionate people that want to make a difference


# Leading the World of Zero Trust Cloud Security

Driving customer<sup>(1)</sup> value...

  
**>4,500**  
Customers

  
**>450**  
G2K customers

  
**>20 million**  
Licensed Seats

  
**76 NPS**  
vs. 30 SaaS  
Company Avg.

at an unparalleled scale<sup>(2)</sup> ...

  
**>150**  
Data centers  
globally

  
**150B**  
Transactions per day  
>10x Google

  
**7 Billion**  
Security incidents &  
policy violations  
prevented per day

  
**2.7**  
Support tickets per  
billion transactions

while delivering growth<sup>(3)</sup>

  
**64%**  
Billings growth  
YoY

  
**52%**  
Revenue growth  
YoY

  
**122%**  
Dollar-based  
NRR

**\$\$\$**  
**14%**  
Operating  
Margin

1) Total customers, Forbes Global 2000 customers, licensed user seats and Net Promoter Score as of FY'20 ending July 31, 2020.  
2) Total number of public data centers, transactions per day, policy and incident prevention per day and support ticket per billion transactions as of December 2020.  
3) Billings growth year-over-year, revenue growth year-over-year, dollar-based net retention rate (NRR) and non-GAAP operating margin for FQ1'21.

# Securing Any-to-Any Connectivity in Hyperconnected World of Cloud/Mobile

## OUR MISSION

Make the cloud a safe place to do business and enjoyable for users.

Internet is the new network, it can't be secured  
The cloud and data centers are simply destinations

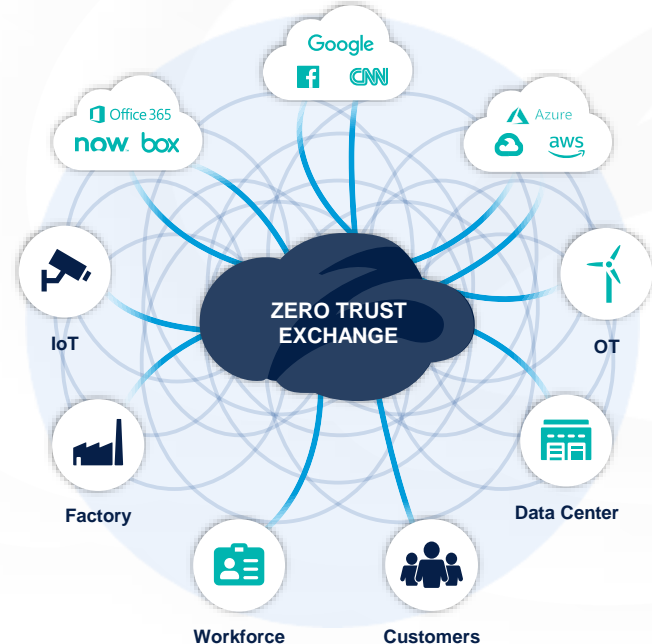
**Securely connect, users, devices and apps using business policies over any network**

Any-to-Any connectivity:

- User to App
- App to App
- Connected IoT/OT

**Digital Enterprise**  
Protecting Users and Data, not the Network

**Zero Trust Architecture**



# Our Audacious Goal: Securing the Next...

 **200M Users** + **100M Workloads** 

## Customers

### New Customers

New relationships  
in existing verticals



### Upsell

Increase penetration with  
existing customers

## Platform

### Technology Innovation

New platform solutions  
to secure any connectivity:  
Users, Devices & Workloads



### Expanded Functionality

Drive leadership in the space and  
improve core offering

## New Markets

### New Geographies

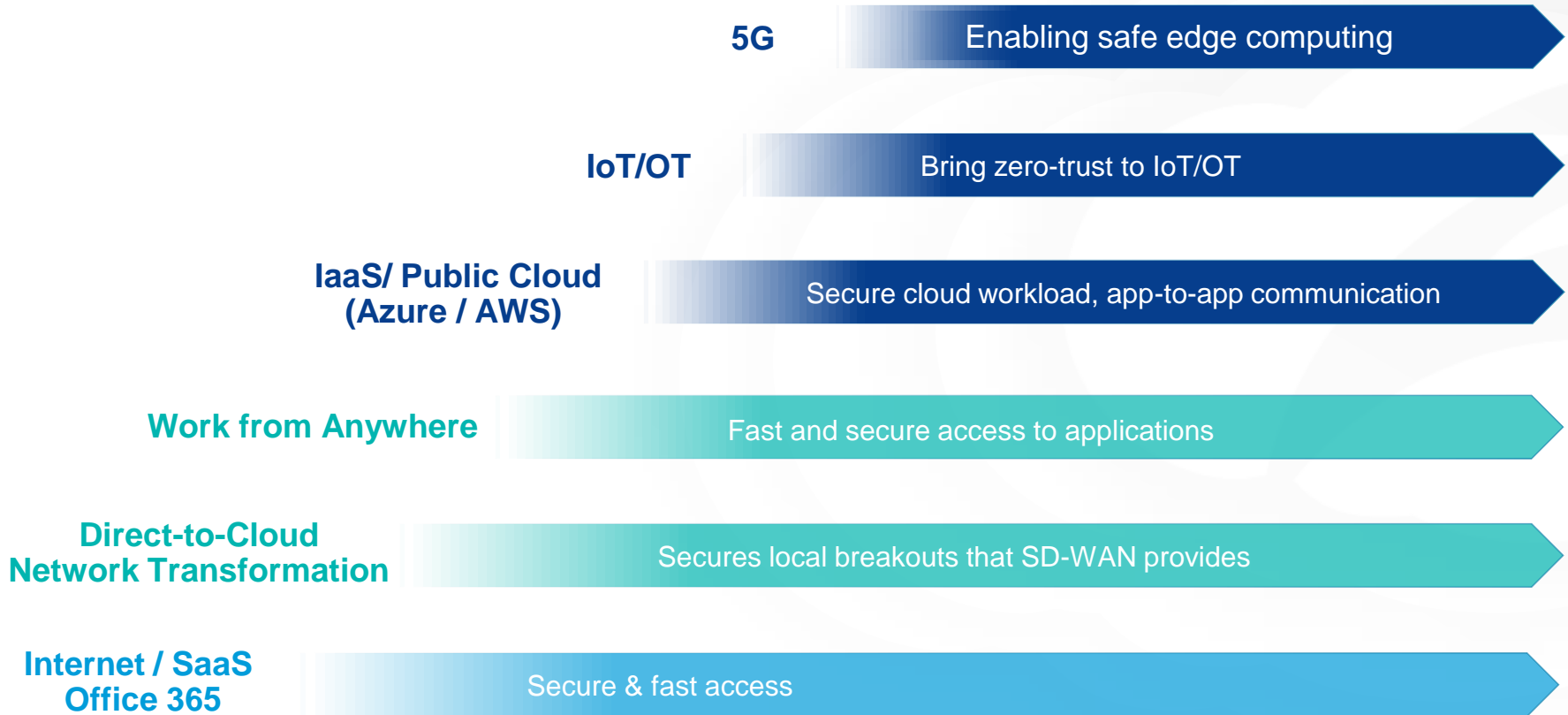
Growing presence in  
Japan and LatAm



### New Segments

Expand to smaller  
enterprises and Federal vertical

# Secular Tailwinds Fueling Progress Towards Our Audacious Goal



# Strategic Objectives | Continue to Win in our Markets



**Market  
Leadership**



**Technology  
Differentiation**



**Operational  
Excellence**



**Attract &  
Develop Talent**



## Market Leadership Recognized Leader in Security



### Industry Leader

**10** years in a row **Gartner MQ Leader**  
In **Secure Web Gateway**

SWG solutions include CASB, zero trust network access, FWaaS and remote browser isolation



### The Only Leader

Have you seen a vendor map like this?  
Zscaler is now the **only leader** in Gartner's MQ



### SWG requires Proxy architecture

Firewall vendors were not considered due to lack of **proxy architecture**: Firewalls are designed to build a moat around the castle, wrong architecture for securing users

# Market Leadership

## Accelerating Digital Transformation Across All Industries



All Traffic – All Users – All Locations<sup>1</sup>

Conglomerates



7 OF THE TOP 10

Household & Personal Care



6 OF THE TOP 10

Apparel



6 OF THE TOP 10

Diversified Insurance



5 OF THE TOP 10

Beverages



7 OF THE TOP 10

Chemical

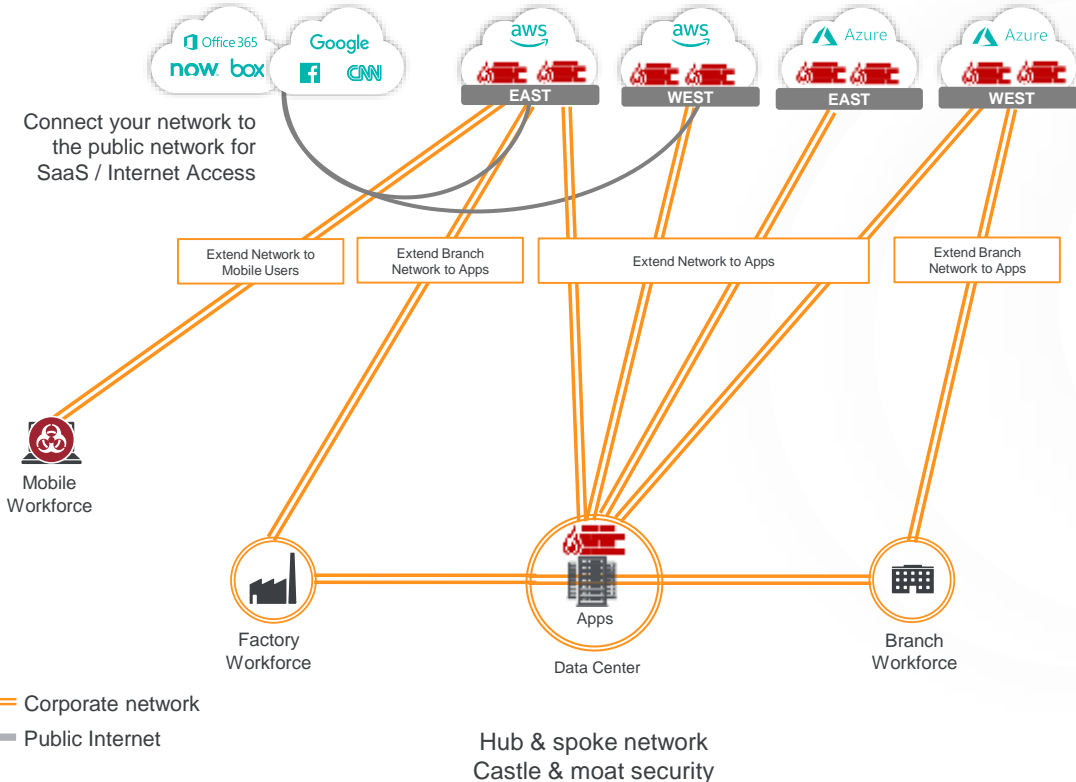


8 OF THE TOP 10

1) Customer statistics for protection across countries, locations protected, users protected and Office 365 monthly traffic as of November 2020.  
2) Customer by industry based on 2020 rank of "Forbes Global 2000" list.

# Technology Differentiation

## Trying to Adapt Legacy Network and Security for the Cloud



### Design Principles

- 1) **Secure the network to protect apps.**  
*Build a perimeter around your network.*
- 2) **Extend the network to your apps.**  
*Apps are network resources.*
- 3) **Extend the network to your users.**  
*App access requires network access.*

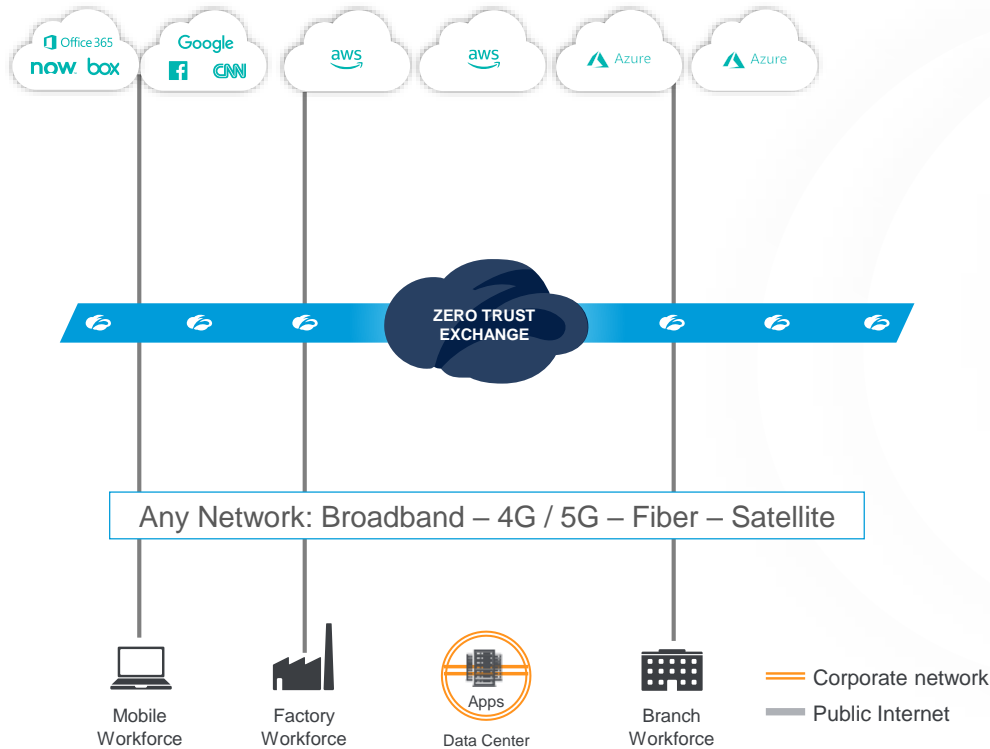
### Implications

- **Increased attack surface**  
*Every internet facing firewall can be discovered and attacked*
- **Increased risk of lateral threat movement**  
*A single infected machine on a flat network can infect the entire network (Not/Petya / Maersk)*

**Expensive, Complex, High Risk, Slow**

# Technology Differentiation

## A Cloud-native Zero Trust Exchange is Designed for a Cloud-first World



### Zero Trust Design Principles

- 1) Secure users and data with a Zero Trust Exchange, you do not secure the network
- 2) Treat apps as destinations, not network resources (SaaS)
- 3) Users connect to apps via a Zero Trust Exchange over any network, the network is plumbing (the internet the WAN)

### Benefits of a Cloud Native Design

- **Minimizes the attack surface.**  
*Apps are invisible to the internet and only accessible via the Zero Trust Exchange (replace VPN w/Zero Trust)*
- **Reduces the risk of lateral threat movement**  
*Uses user identity and context to connect a user to an app, not a network. Users and apps are never on the same network.*

**Simple, Fast, Secure**

# Technology Differentiation

## The Right Purpose-Built Architecture Matters

### Internal Combustion Engine



**Combined Market Cap \$306B<sup>1</sup>**

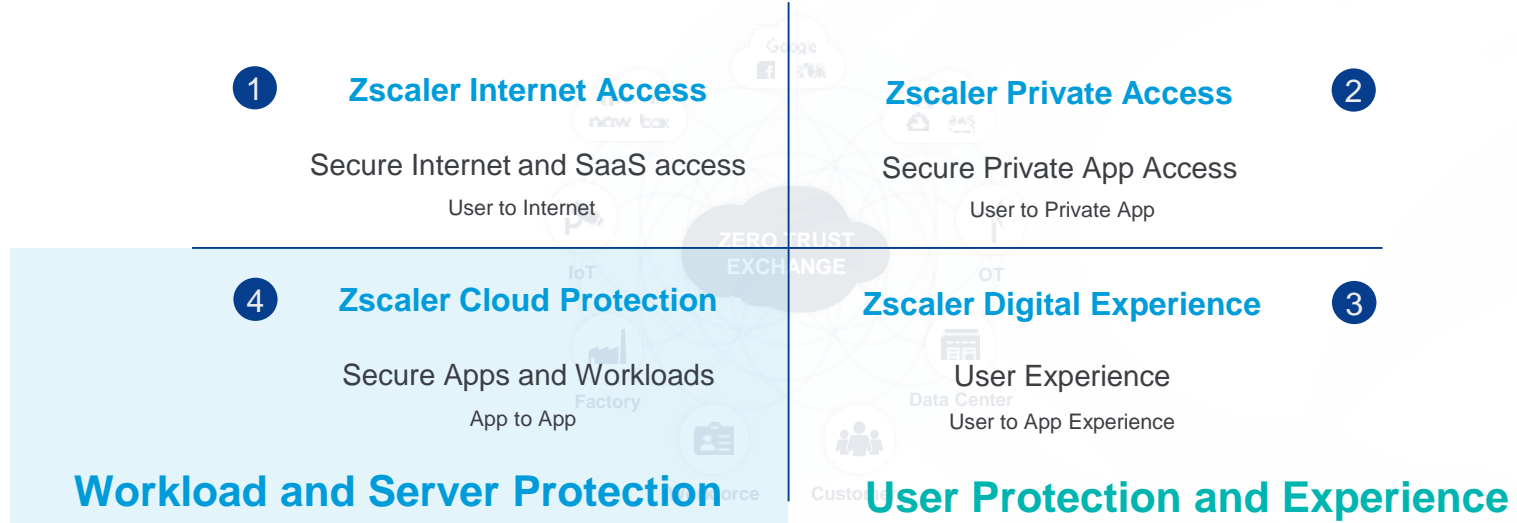
### Electric Vehicle



**Market Cap \$692B<sup>1</sup>**

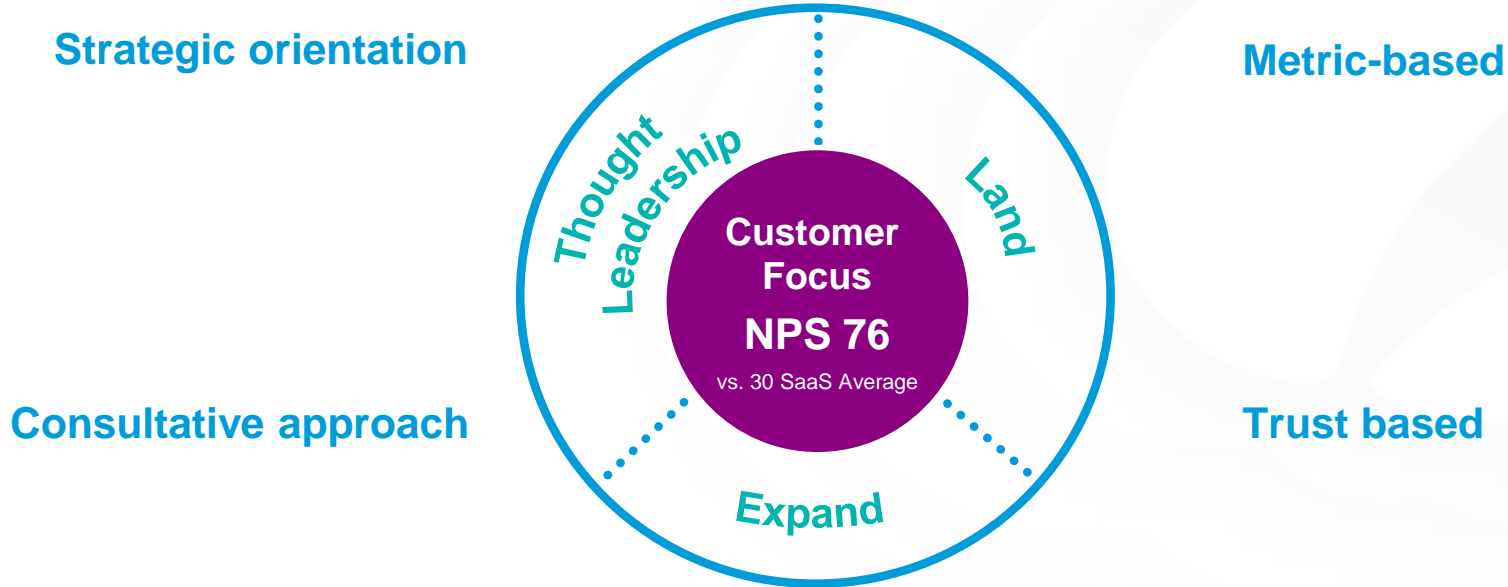
1). Basic market caps of Daimler AG (DAI.DE), Honda (NYSE: HMC), Ford (NYSE: F), General Motors (NYSE: GM), Volkswagen (VOW.DE), and Tesla (NASDAQ: TSLA) from FactSet, as of January 4, 2021. Daimler and Volkswagen market cap converted to USD at exchange rate of \$1.2276/EUR.

# Zscaler Innovation: Zero Trust Exchange Platform



Simplify IT and reduce costs by consolidating and eliminating point products

# Fine-tuned Process to Drive Strategic Customer Engagement



# Operational Excellence

## 10+ Year Experience Running Multi-tenant Security Cloud at Scale



- **SLA: 99.999% availability**
- **Cloud effect on security:** 200,000 unique security updates per day to deliver world-class protection.
- **150 Datacenters globally:** Close to the users, with ability to burst to public cloud.
- **Renewable energy:** Commitment to use over 90% of power for our cloud by 2025, up from 75% today.
- **Cloud-native, elastic architecture:** Proven scale. Handled dramatic traffic surges, including a 10x increase in ZPA traffic over 3 months during COVID-19.

1) Major cities where Zscaler has data centers. This map does not show a comprehensive list of Zscaler's total global footprint of over 150 data center locations.

# Shared Values as Foundation for Exceptional Culture and Business

## Core Values



Customer Obsession



Open Communication



Teamwork



Innovation



Passion

Our commitment to culture creates an environment where a **global and diverse workforce** can contribute at a very high level to **help our customers succeed.**

We view and measure culture by our **ability to execute.**

# Culture is Key Part of Business Strategy and Competitive Advantage



### Customer Centric

Ushering in a world of user & data centric security that 1) eliminates gaps created by legacy approaches and 2) reduces security appliance-related carbon emissions



### Diversity & Inclusion

Diverse background, experience, thinking drive innovation

D&I Committee provides a common framework to acknowledge, value, encourage and support a diverse and inclusive workplace



### Talent Development

Dedicated team for talent and career development, focused on leadership, personal wellness and growth

16% of workforce promoted in FY20<sup>(1)</sup>

(1) Promotion rate is calculated based on total number of promotions divided by the average of beginning and ending total employee headcount for fiscal year 2020 ended July 31, 2020.

# Attract & Develop Talent

## Becoming a Destination for Top Talent



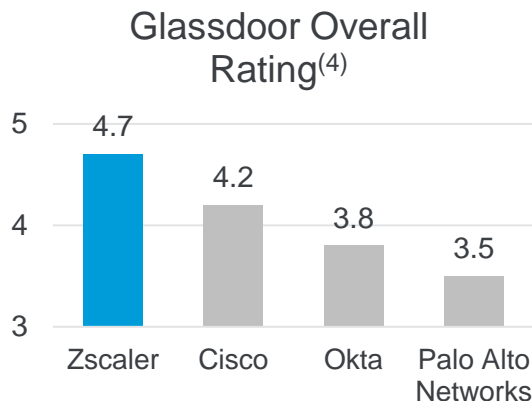
**Great Place To Work**  
90% Employees say Zscaler USA is a Great Place to Work<sup>(1)</sup>



**Glassdoor**  
Rated one of the best cloud computing companies to work for<sup>(2)</sup>



**Employee engagement survey**  
87% overall satisfaction score<sup>(3)</sup>



GLASSDOOR CATEGORY	ZS	CSCO	OKTA	PANW
CEO	97%	92%	95%	68%
RECOMMEND	95%	85%	70%	64%
POSITIVE OUTLOOK	94%	63%	66%	64%
COMP	4.5	4.1	3.9	4.0

Source: Glassdoor ratings, as of December 2020.

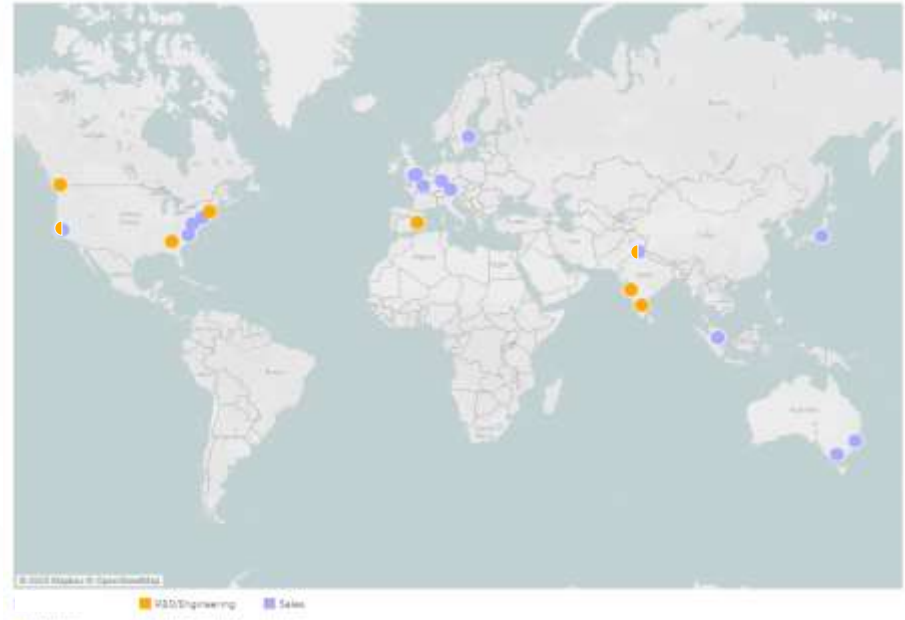
(1) Great Place to Work© 2019 U.S. National Employee Engagement Study.  
 (2) Forbes article by Louis Columbus, February 20, 2020: *The Best Cloud Computing Companies To Work For In 2020 Based On Glassdoor.*  
 (3) Internal Zscaler global employee engagement survey, May 2020.  
 (4) Glassdoor ratings, as of December 2020.

# Attract & Develop Talent

## Global Talent Sourcing

- **Follow the sun model** for R&D, customer support and sales operations
- **Strategically positioned in India** for R&D, Finance, and Customer Support
- **Regional sales offices** for strong local presence

8 R&D/Engineering and 15 Sales offices\*



\*San Jose and Chandigarh locations perform both Sales and Engineering operations.

## Why We Will Win

- Market moving to Zero-Trust with Digital Transformation
- Trusted partner to CXOs of largest global organizations
- Strategic position - handling & securing enterprise-wide traffic
- Multi-tenant cloud scalability and Cloud effect
- GTM that can consistently sell value and drive larger deals
- Experienced team driving culture of excellence
- Strong balance sheet and attractive unit economics

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## Well Positioned for Success!

# Q&A

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# Leading with Innovation and Cloud Scale

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Dr. Amit Sinha  
CTO & President of R&D, Operations, Customer Service

# Key Messages

- 01 Zscaler has built a **scalable, global platform** with significant barrier to entry
- 02 Zscaler has an **innovation engine and an extensible platform** that delivers new functionality at a rapid pace
- 03 Zscaler platform provides **unparalleled security and visibility** with vast amounts of data that fuels AI/ML engines and cloud-effect
- 04 Zscaler platform achieves **economies of scale** with lower support and operational costs as it continues to expand

# Scale Creates Barriers to Entry

## Global Footprint Delivers Better Security & User Experience

**150**

Data Centers

**150B+**

Transactions / Day

**7B+**

Enforcements / Day

**200K+**

Security Updates / Day



**Availability SLA 99.999%**

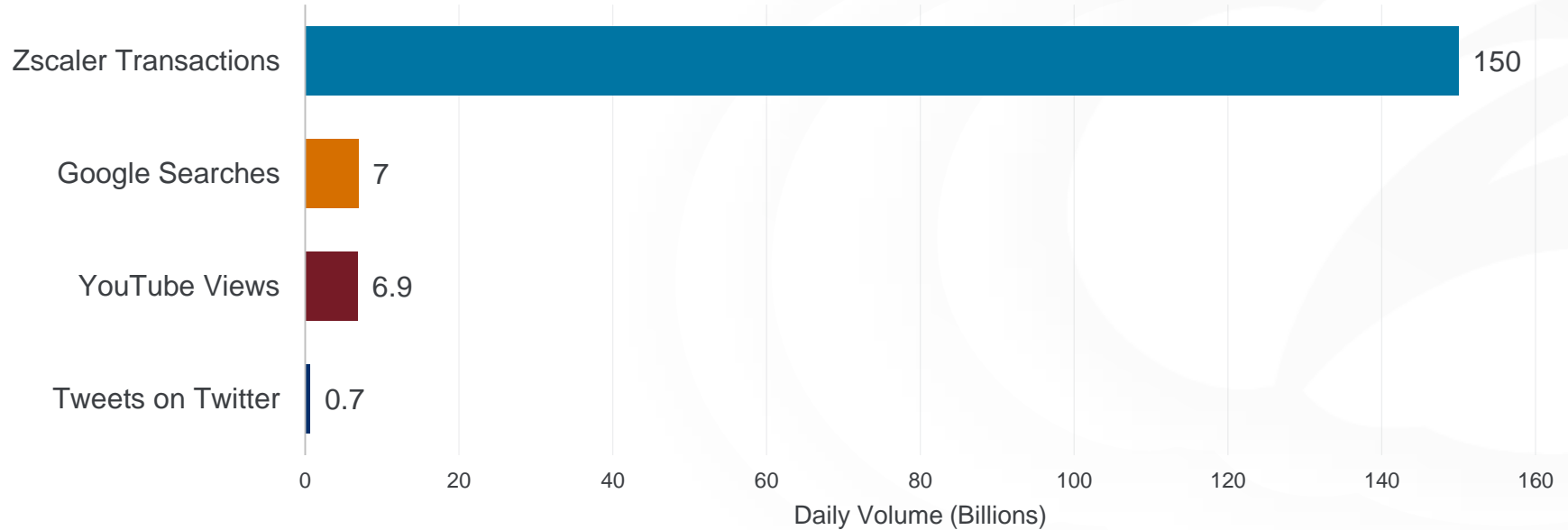
**75% Renewable Energy**

**Security Hardened  
Operational Compliance**

\*Map shows major cities where Zscaler has data center. This map does not show a comprehensive list of Zscaler's total global footprint of over 150 data center locations.

## Scale Creates Barriers to Entry

# Zscaler Daily Transactions on Internet Scale



Source: Zscaler Transactions based on December 2020 data, <https://www.zscaler.com/threatlabz/cloud-activity-dashboard>.  
All others based on Internet Live Stats - Internet Usage & Social Media Statistics, [www.internetlivestats.com](http://www.internetlivestats.com).

# Scale Creates Barriers to Entry

## Proven Multi-Tenant Architecture Delivers Exponential Capacity

### Multi-tenant Architecture

Scale with business demand

### Global Fault Tolerance

Internet grade, no single provider

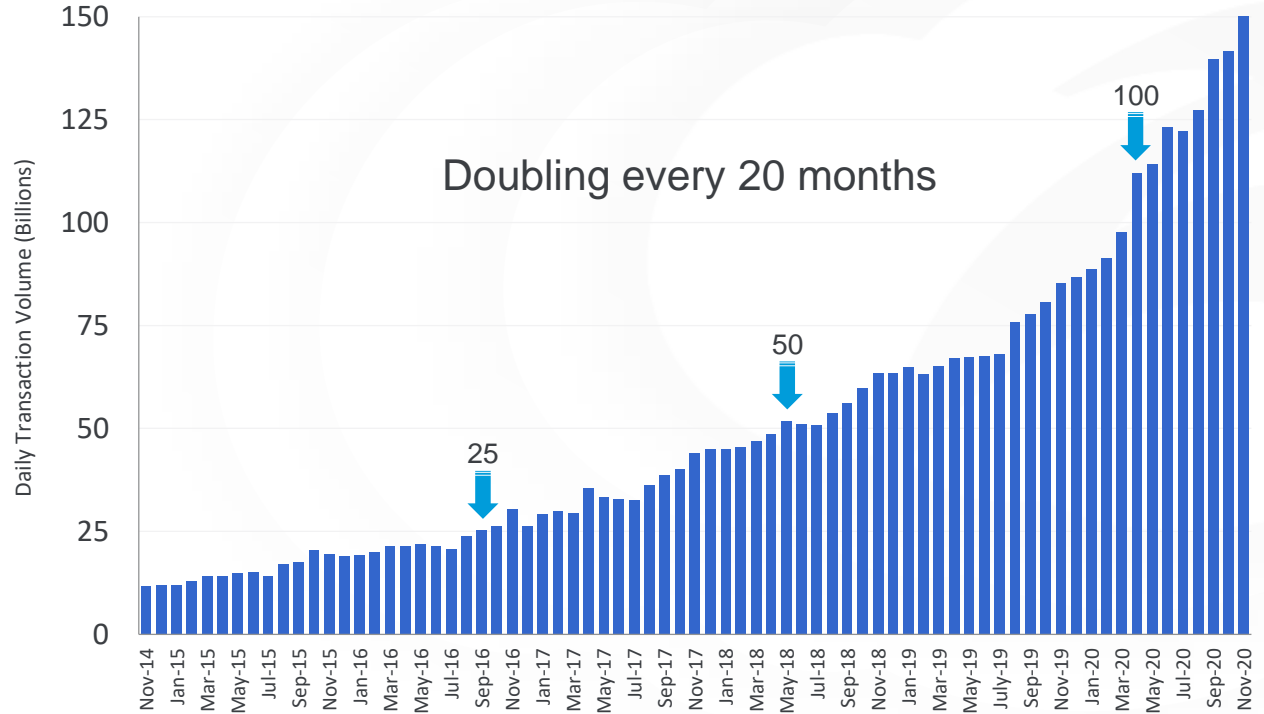
### Elasticity

COVID 10X ZPA surge handled

### Horizontal & Vertical Scale

Software, hardware and operations

Zscaler Cloud Daily Transaction Volume Peak by Month



# Scale Creates Barriers to Entry

## Zscaler is Destination Neutral and Built as an Edge Cloud Service

**Zscaler**  
150 Compute DCs

**NGFW on Cloud**  
20 Compute DCs

COMPUTE  
DESTINATIONS

ACCESS  
EDGE

USERS & DEVICES  
ACROSS LOCATIONS



# Customers Get Global Coverage & Reduced Carbon Footprint

Total Transactions

121 billion

Total Bytes

5.769 trillion

Renewable Energy Transactions

89.9 billion

Renewable Energy Bytes

4.364 trillion

Renewable Energy Transactions(%)

74

Renewable Energy Bytes(%)

76

Leveraging Zscaler's  
Global Footprint



	Datacenter	Transactions (Rx+Tx) Bytes	Renewable Energy (%)	Renewable Energy Transactions	Renewable Energy Bytes
1	Chicago	9.77 billion	466 trillion	9.77 billion	466 trillion
2	New York III	7.73 billion	342 trillion	7.73 billion	342 trillion
3	London III	7.06 billion	336 trillion	7.06 billion	336 trillion
4	Paris II	6.57 billion	316 trillion	6.57 billion	316 trillion
5	Frankfurt IV	6.25 billion	344 trillion	6.25 billion	344 trillion
6	Dallas I	6.12 billion	281 trillion	6.12 billion	281 trillion
7	Tokyo IV	5.26 billion	190 trillion	5.26 billion	190 trillion
8	Atlanta II	5.18 billion	229 trillion	5.18 billion	229 trillion
9	Singapore IV	4.09 billion	234 trillion	4.09 billion	234 trillion
10	Manchester I	3.47 billion	157 trillion	3.47 billion	157 trillion
11	Hong Kong III	2.85 billion	129 trillion	2.85 billion	129 trillion
12	Miami III	2.25 billion	117 trillion	2.25 billion	117 trillion
13	Vienna I	1.99 billion	111 trillion	1.99 billion	111 trillion
14	Amsterdam	1.85 billion	113 trillion	1.85 billion	113 trillion
15	Zurich	1.8 billion	94.2 trillion	1.8 billion	94.2 trillion
16	Winnipeg II	1.33 billion	88.1 trillion	1.33 billion	88.1 trillion

76% Renewable  
Energy Used

Renewable Energy Transactions

Remaining

3.3%

Tokyo IV

5.8%

Singapore IV

4.5%

Paris II

7.3%

New York III

8.8%

Miami III

2.9%

Manchester I

3.9%



Amsterdam

2.1%

Atlanta II

5.8%

Chicago

10.9%

Dallas I

8.8%

Frankfurt IV

8.9%

Hong Kong III

2.9%

London III

7.9%

Renewable Energy Bytes

Remaining

3.1%

Tokyo IV

4.4%

Singapore IV

5.4%

Paris II

7.3%

New York III

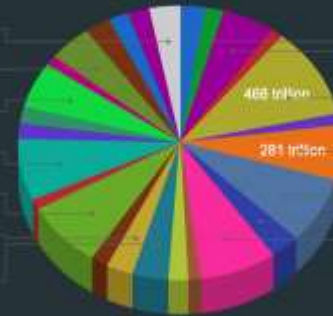
7.8%

Miami III

2.7%

Manchester I

5.4%



Amsterdam

2.0%

Atlanta II

5.2%

Chicago

10.7%

Dallas I

8.4%

Frankfurt IV

7.9%

Hong Kong III

3%

London III

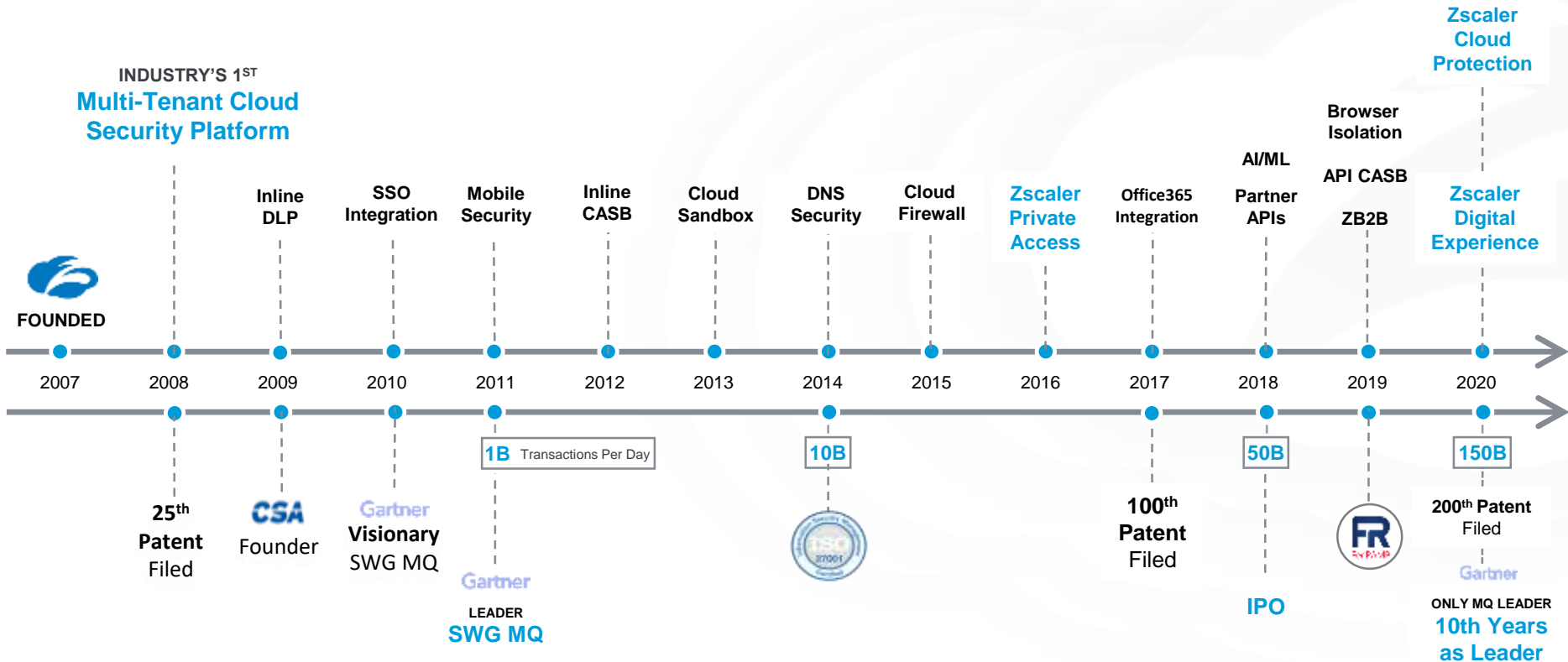
7.7%

Consistent Policy Enforcement  
Using Local Zscaler DCs

\*Actual IT administrator dashboard view.

# Innovation Engine and Extensible Platform

## Proven History of Rapid Innovations & Growth



Timeline for product development milestones does not refer to general availability of the product.

## Extensible Platform with IP Barrier to Entry

### Extensible Platform for easy functionality increase

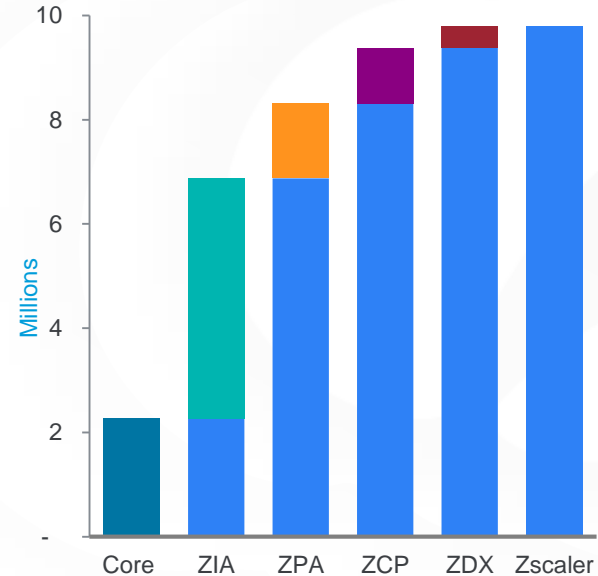
Rapid development  
Day one scalability

### Over 200 patents granted or pending

Disruptive innovations  
IP protection

1) Source: <https://www.informationisbeautiful.net/visualizations/million-lines-of-code/>

### Comprehensive Platform Deep and Wide in Functionality



### 10 million lines of code

Mars Rover was 5 million<sup>(1)</sup>  
Linux 2.6 was 5.2 million<sup>(1)</sup>

## Comprehensive Platform to Deliver Zero-Trust Security

### Zscaler Internet Access (ZIA)

Protect against threats and data leakage

#### Threat Prevention

Proxy (Native SSL)  
Advanced Threat Protection  
Cloud Sandbox  
DNS Security

#### Access Control

Cloud Firewall  
URL Filtering  
Bandwidth Control  
DNS Resolution

#### Data Protection

Cloud DLP  
Exact Data Match  
CASB  
Browser Isolation

### Zscaler Private Access (ZPA)

Protect apps/data; only allow authorized access

#### Zero-Trust Network Access

Anti-VPN  
Anti-Firewall  
Anti-DDoS  
Anti-network segmentation

#### Discovery/Availability

GSLB  
App Health Monitoring  
App Discovery

#### App / Device Access

Browser Isolation  
Private Service Edge

### Zscaler Cloud Protection (ZCP)

Extends zero-trust security to public cloud

#### Workload Communication

Cloud to Internet  
Cloud to Data Center  
Cloud to Cloud

#### Security Posture/CSPM

Policy Compliance  
Configuration Mgt

#### Microsegmentation

Software Identity  
App segmentation

### Zscaler Digital Experience (ZDX)

Identify and resolve device and network issues

#### Network Path Analysis

Hop-by-hop Network Analytics

#### Device Posture

Device Health Metrics

#### App Performance

App Response Times

## Innovation Engine and Extensible Platform

# Zscaler Client Connector Provides A Footprint to Expand

### Single end-point agent for ZIA/ZPA/ZDX

Eliminates multiple agents (FW, VPN), simplifies IT

### Running on over 17 million devices

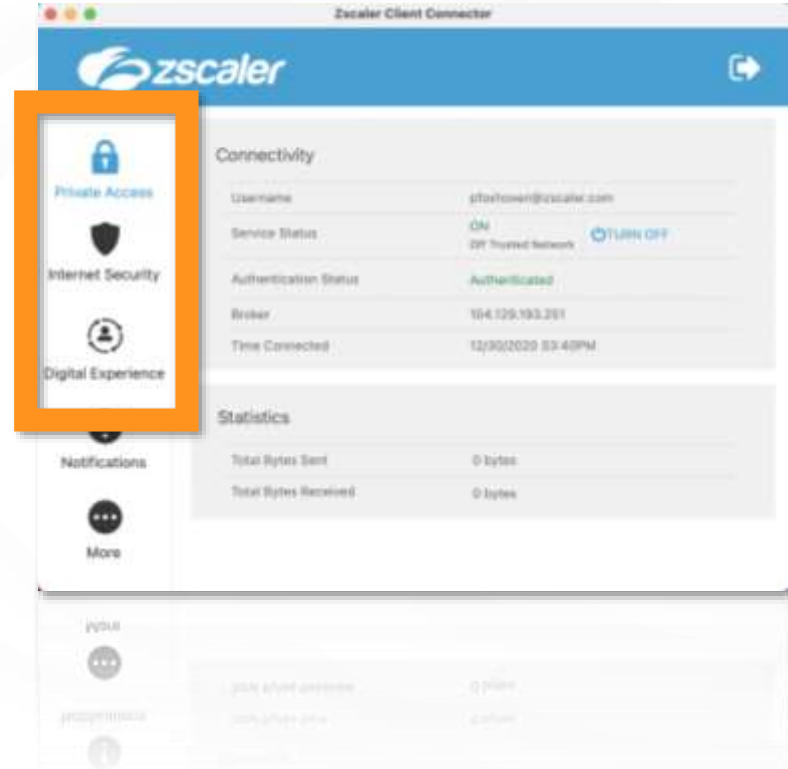
Works seamlessly on Windows, MAC, Linux, iOS, Android

### Easy Land and Expand

Just enable license for ZIA, ZPA, ZDX - no new deployment

### Lightweight and Extensible

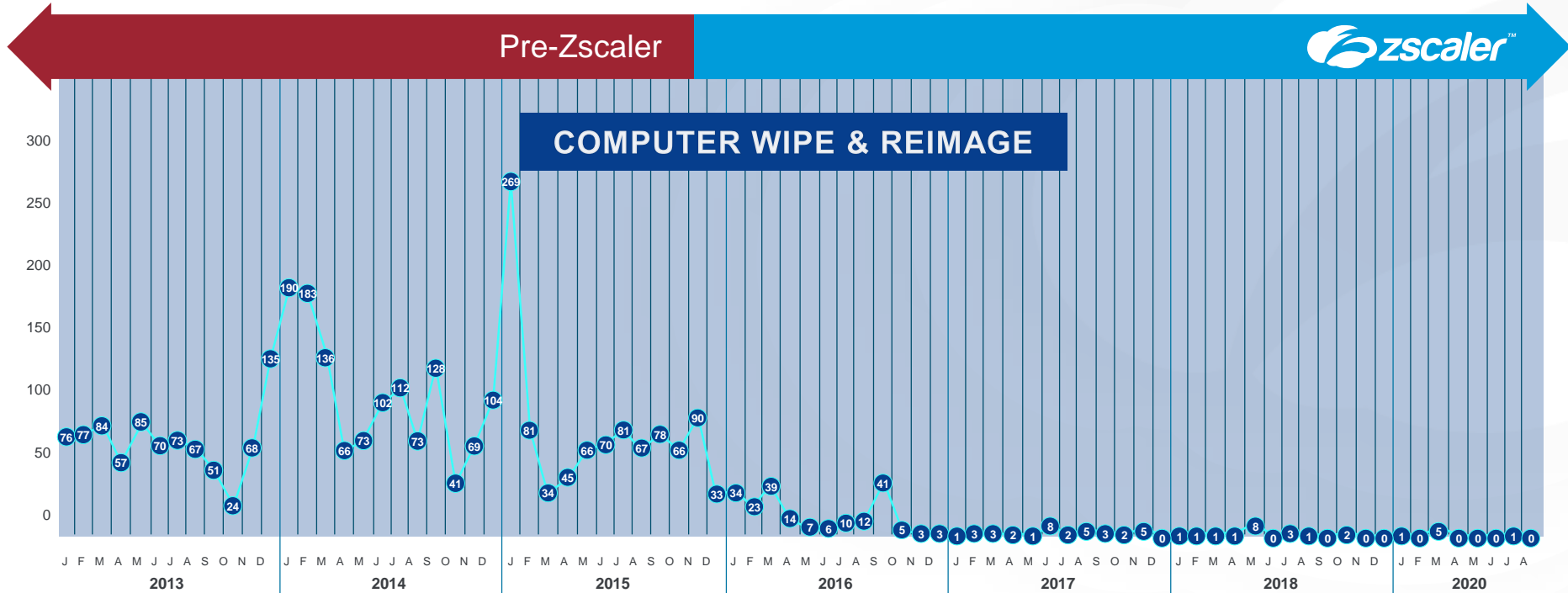
Heavy lifting done in the cloud, better device UX



## Unparalleled Security and Visibility

# Zscaler Delivers Unparalleled Security & Visibility

National Oilwell Varco (NOV): 35X Reduction in Infected Devices with Zscaler



## AI/ML: Big Data + Domain Expertise + Data Science



### Intelligent Threat Prevention

- Smart Quarantine
- Zero Day Malware



### Automatic Classification

- Dynamic Content Classification
- Auto-segment Workload & Apps



### Anomaly Detection

- User and App Behavioral Anomalies
- Conditional Access

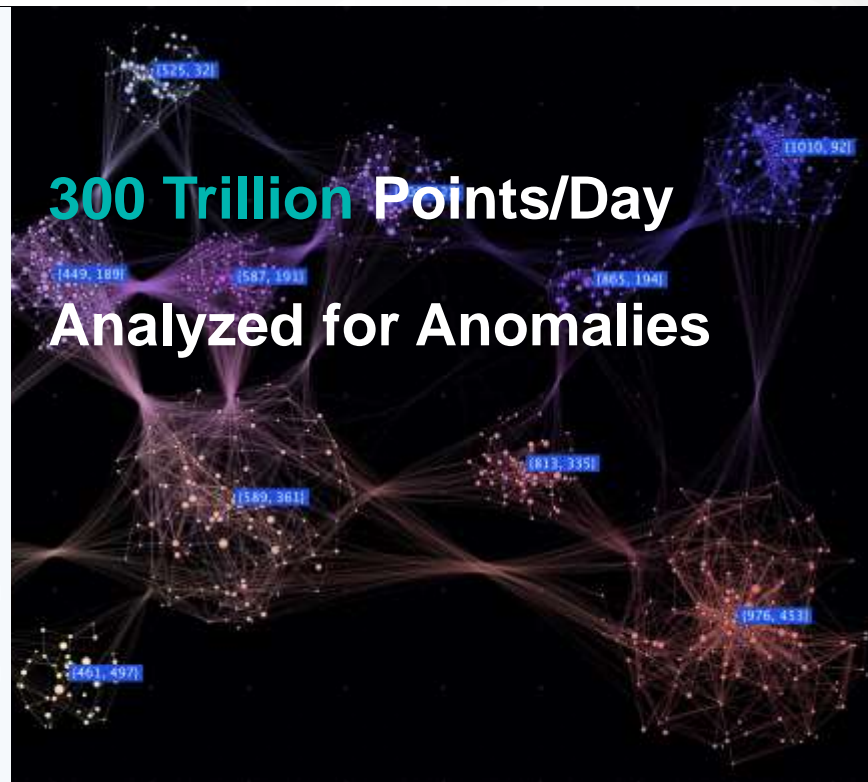
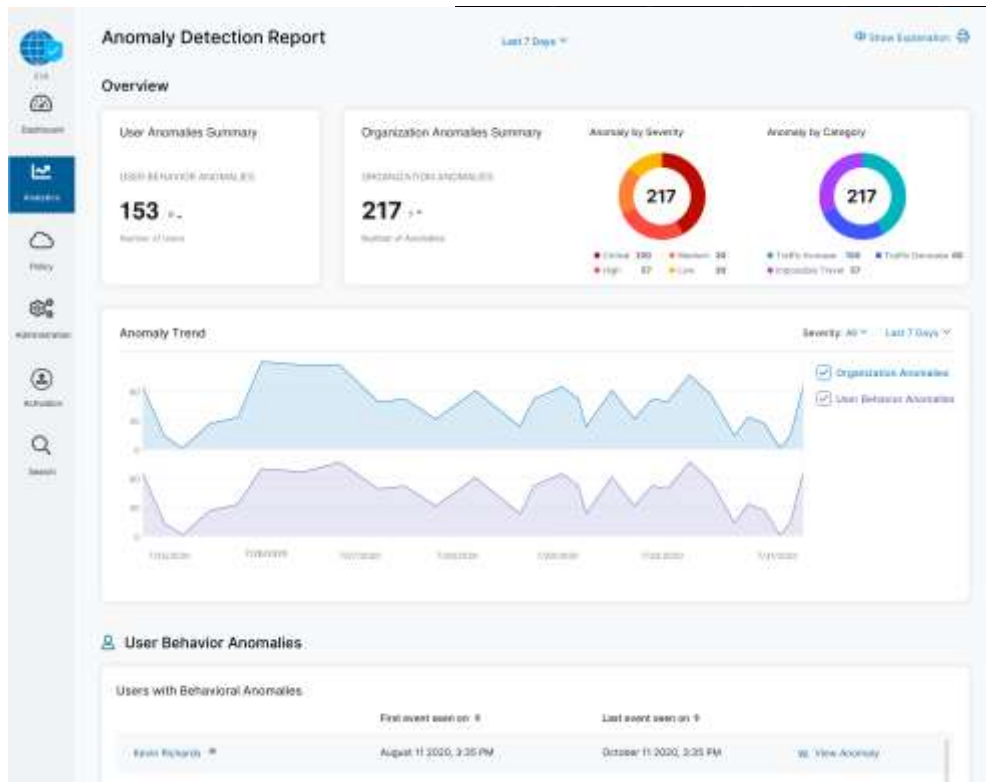


### Improved User Experience

- Automatic Root Cause for Poor UX
- Automatic Attribution for Platform Issues

Unparalleled Security and Visibility

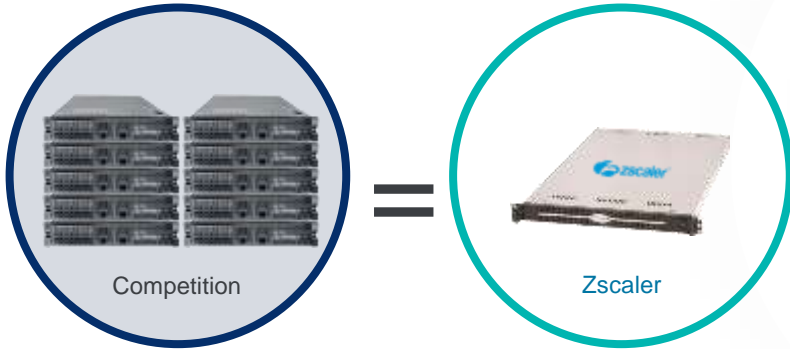
# Platform Delivers Better AI/ML Models with Big Data



# Economics of Scale

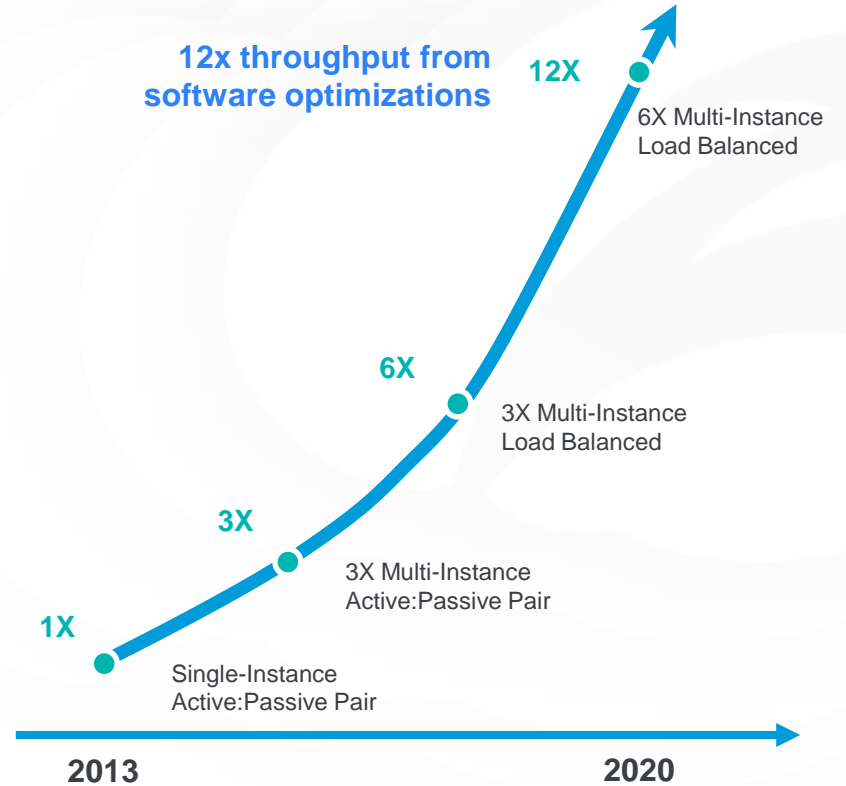
## 1U Box to the Power of Z: Efficiency in Processing Cost, Lower Carbon Footprint

Zscaler highly optimized software delivers higher throughput per Intel processor



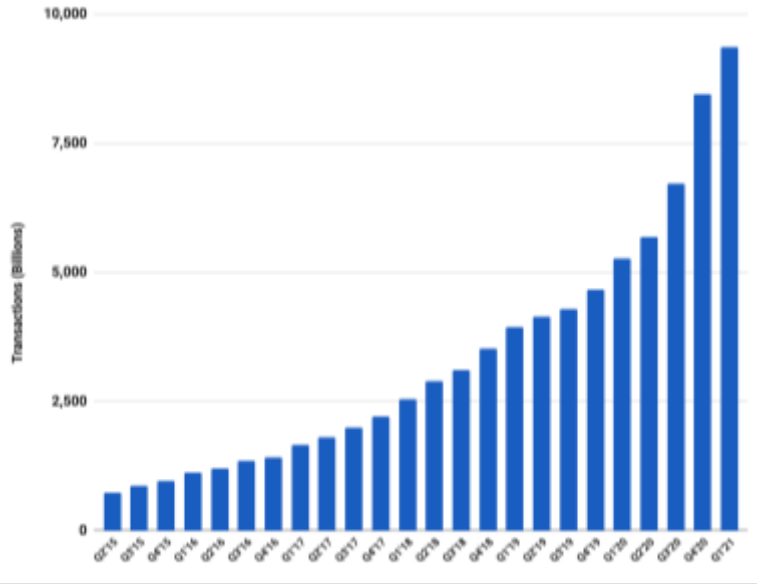
10 proxy appliances\* = 1U Zscaler

\*Ratio based on select Bluecoat SG replacements at multiple large enterprises.

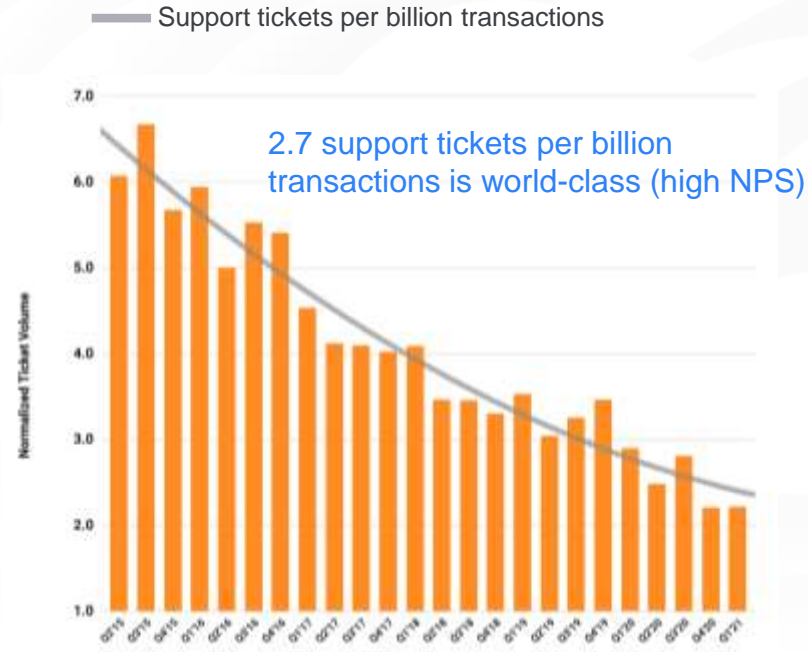


## Support Cost (COGS) Down, NPS Up as the Platform Grows

### Quarterly Transactions (Billions)



### Quarterly Support Tickets / Transactions



# Key Messages

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- 01 Zscaler has built a **scalable, global platform** with significant barrier to entry
- 02 Zscaler has an **innovation engine and an extensible platform** that delivers new functionality at a rapid pace
- 03 Zscaler platform provides **unparalleled security and visibility** with vast amounts of data that fuels AI/ML engines and cloud-effect
- 04 Zscaler platform achieves **economies of scale** with lower support and operational costs as it continues to expand



# Zscaler Cloud Protection (ZCP) Taking Zero Trust to the public cloud

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Patrick Foxhoven  
CIO & EVP, Emerging Technologies

# Extending Zero Trust to Cloud Workloads

ZCP extends our reach into new markets

Zscaler pioneered Zero Trust in enterprises with ZIA and ZPA focused on North/South traffic flows between the users and application

**New! Zscaler Cloud Protection (ZCP)** solutions extend zero-trust into **East/West traffic flows between workloads**

Underlying **principles of scaling** ZIA, ZPA and ZCP **remain the same**

## Zero Trust Architecture



# Zscaler Cloud Protection: Reduce the Risk of Embracing the Cloud

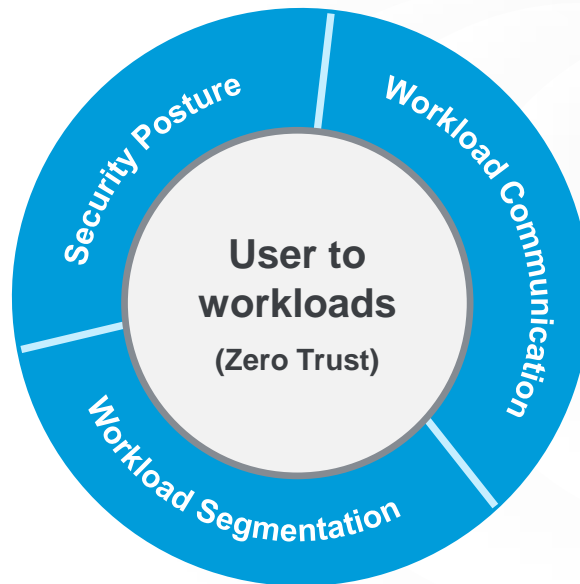
## Protect multi-cloud workloads

### 1 Cloud Security Posture Mgt (CSPM)

*Ensure proper configuration and compliance of workloads*

### 3 Workload segmentation

*Eliminate the risk of lateral threat movement without having to do legacy network segmentation*



### 2 Workload Communication

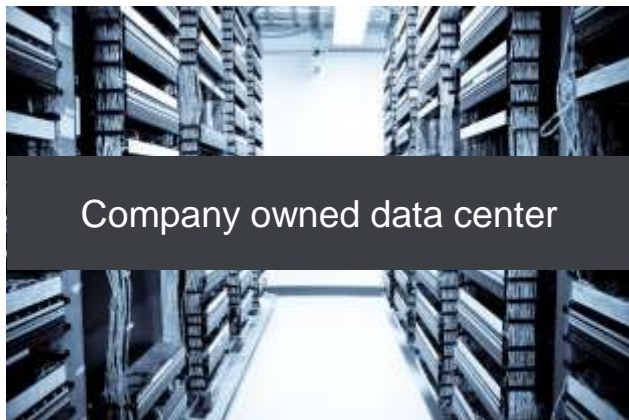
*Secure workload and app-to-app cloud-cloud, cloud-internet and cloud-DC connectivity*

*Powered by:  
Zscaler Cloud Connector  
ZIA/ZPA policy engine*

## Secure user-to-app access

*Secure per app access by the workforce and B2B customers without exposing apps to internet*

# Application Transformation is Accelerating



**Gartner.**



81% of customers have multi-cloud deployments, growing to 98% by end of 2021

# The Reality of a Multi-cloud Approach

To provide employees and partners fast and reliable access, apps need to be close to the user

Multi-cloud

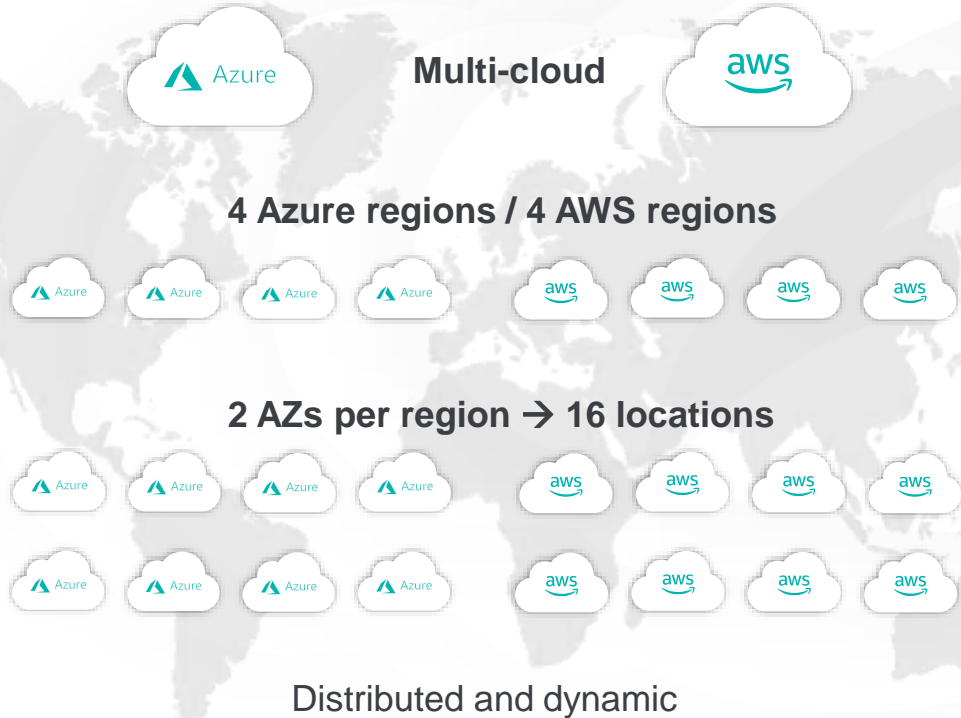


Multi-regions



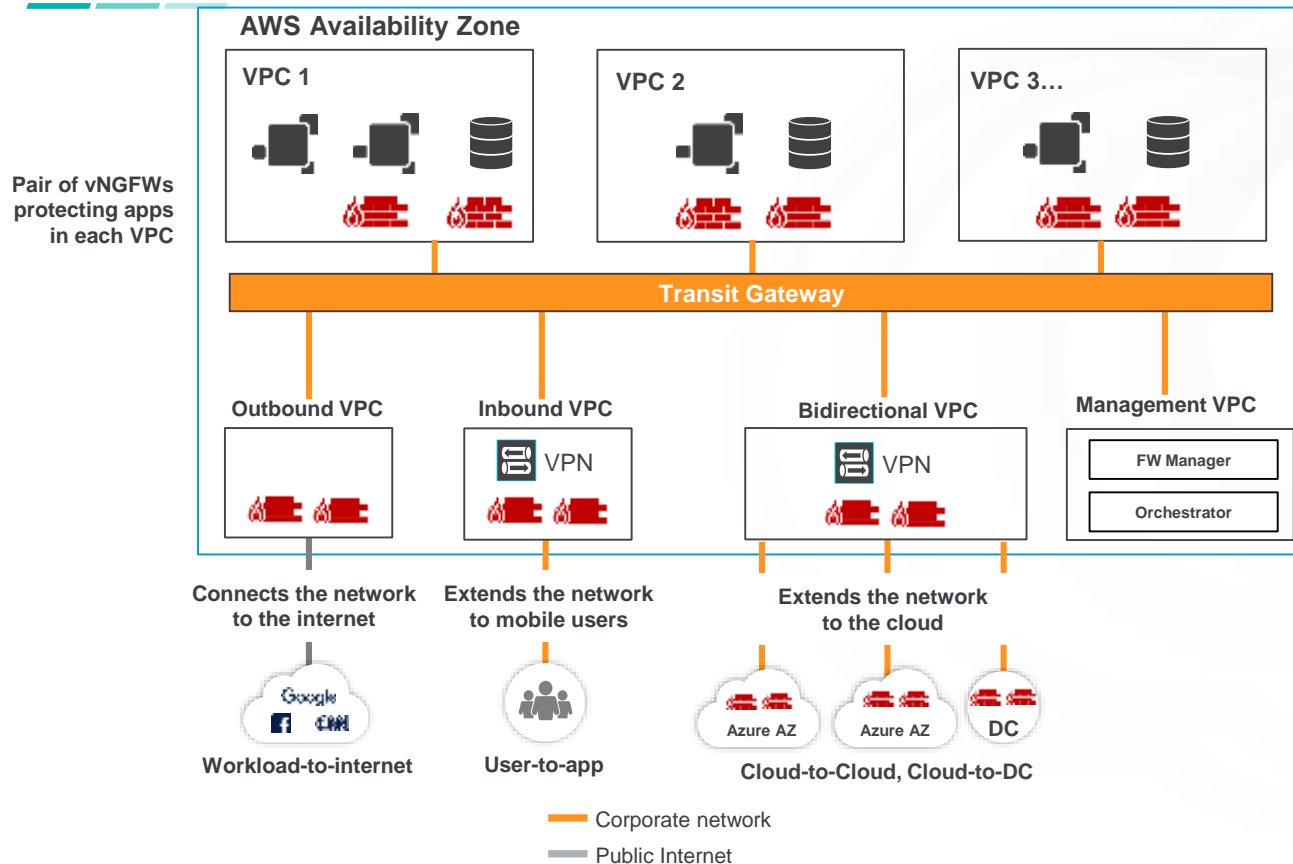
Multi-availability zones (AZ)

## Global Conglomerate Architecture



# Securing Public Cloud with Legacy Security

## Current Approach Is Unmanageably Complex and High Risk



Pair of vNGFWs protecting apps in each VPC

High management overhead hinders DevSecOps speed and agility

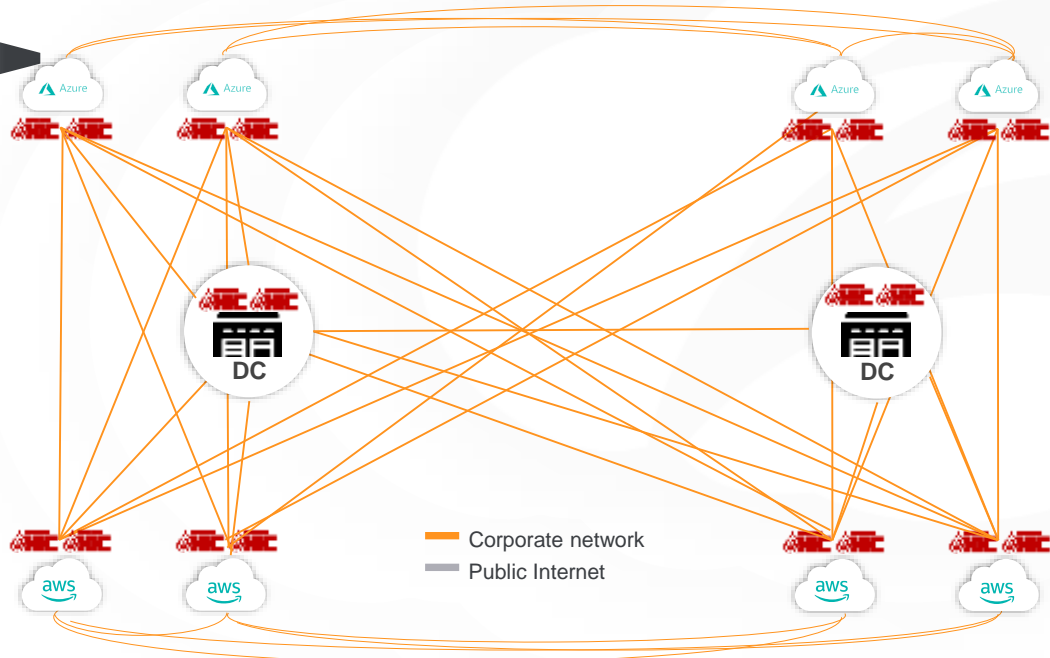
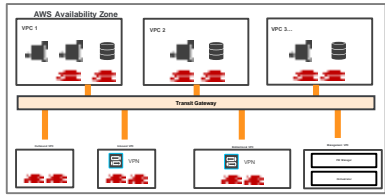
"DIY" network, peering and security leads to **poor performance & high costs**

DevOps **circumvents IT / security** for speed and agility

**Expensive, Complex, High Risk**

# Securing Public Cloud with Legacy Security

## For Multi-cloud, Complexity and Risk Grows Multi-fold



### Design Principles

- 1) **Secure the network to protect apps.**  
*Build a perimeter around your network.*
- 2) **Extend the network to your apps.**  
*Apps are network resources.*
- 3) **Extend the network to your users.**  
*App access requires network access.*

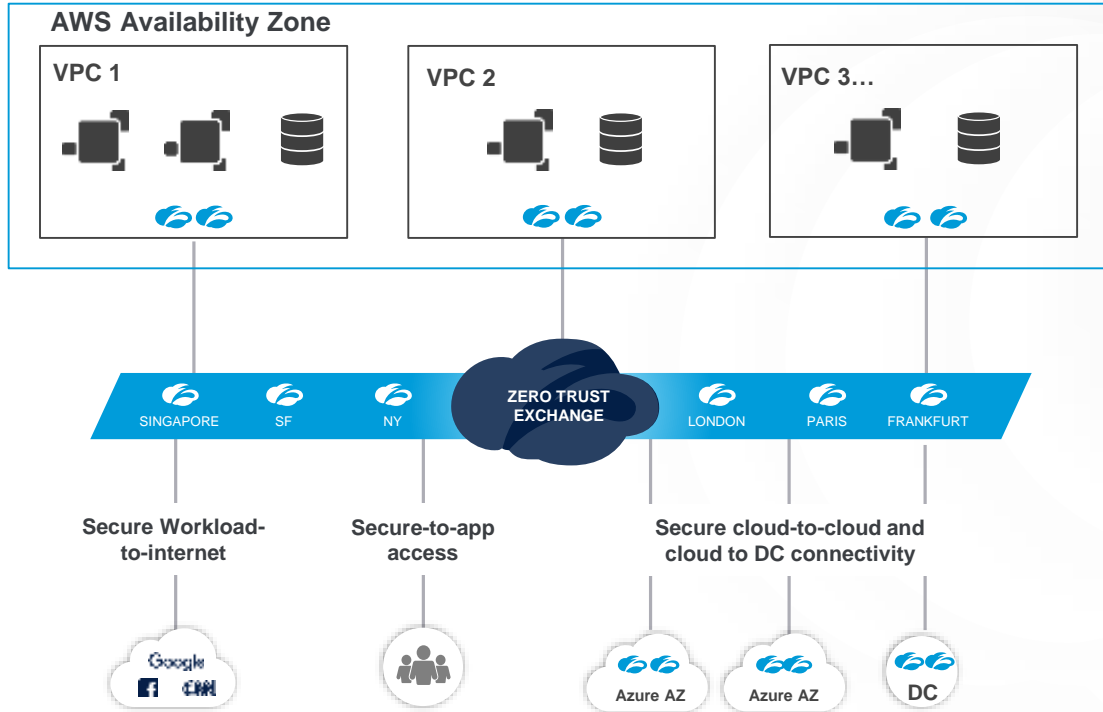
### Implications

- **Increased attack surface**  
*Every internet facing firewall can be discovered and attacked*
- **Increased risk of lateral threat movement**  
*A single infected machine on a flat network can infect the entire network (Not/Petya / Maersk)*

**Expensive, Complex, High Risk, Slow**

# Securing Public Cloud with Zscaler Zero Trust Exchange

## Secure and Simple to Manage; Accelerates a Cloud-First Strategy



**Simple to deploy and manage**

Accelerates the delivery  
of cloud applications

**Fast, Simple, Secure**

# Securing Public Cloud with Zscaler Zero Trust Exchange

## Secure and Simple For Global, Multi-cloud Deployments

### Zero Trust Design Principles

- 1) Secure users and data with a Zero Trust Exchange, you do not secure the network
- 2) Treat apps as destinations, not network resources (SaaS)
- 3) Users connect to apps via a Zero Trust Exchange over any network, the network is plumbing (the internet the WAN)

### Benefits of a Cloud Native Design

- **Minimizes the attack surface.**  
*Apps are invisible to the internet and only accessible via the Zero Trust Exchange (replace VPN w/Zero Trust)*
- **Reduces the risk of lateral threat movement**  
*Uses user identity and context to connect a user to an app, not a network. Users and apps are never on the same network.*



# Automating, simplifying and securing workload communications

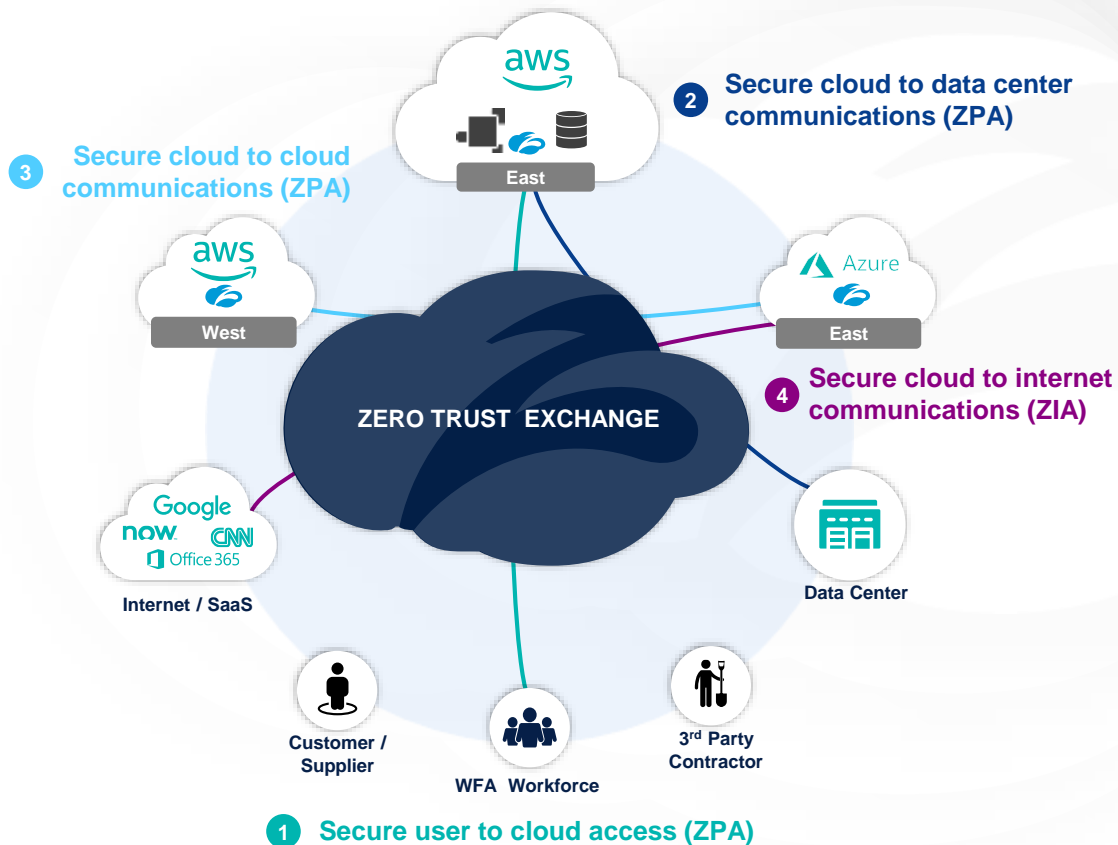
**Simplified, flexible traffic forwarding** within and across clouds via **Cloud Connector** 

**ZIA and ZPA policy engines** enforce easy to manage business level policies

*ZIA enforces policy, security and data protection for workload to internet comms*

*ZPA delivers zero trust for secure:*

- user-cloud
- cloud-cloud
- cloud-DC
- 3rd party file exchange access



# Q&A

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# 5 Minute Break

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# Scaling Go-to-Market and Customer Engagements

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Dali Rajic,  
President Go-to-Market and CRO

# Safe Harbor

## Forward-Looking Statements

This presentation has been prepared by Zscaler, Inc. (“Zscaler”) for informational purposes only and not for any other purpose. Nothing contained in this presentation is, or should be construed as, a recommendation, promise or representation by the presenter or Zscaler or any officer, director, employee, agent or advisor of Zscaler. This presentation does not purport to be all-inclusive or to contain all of the information you may desire.

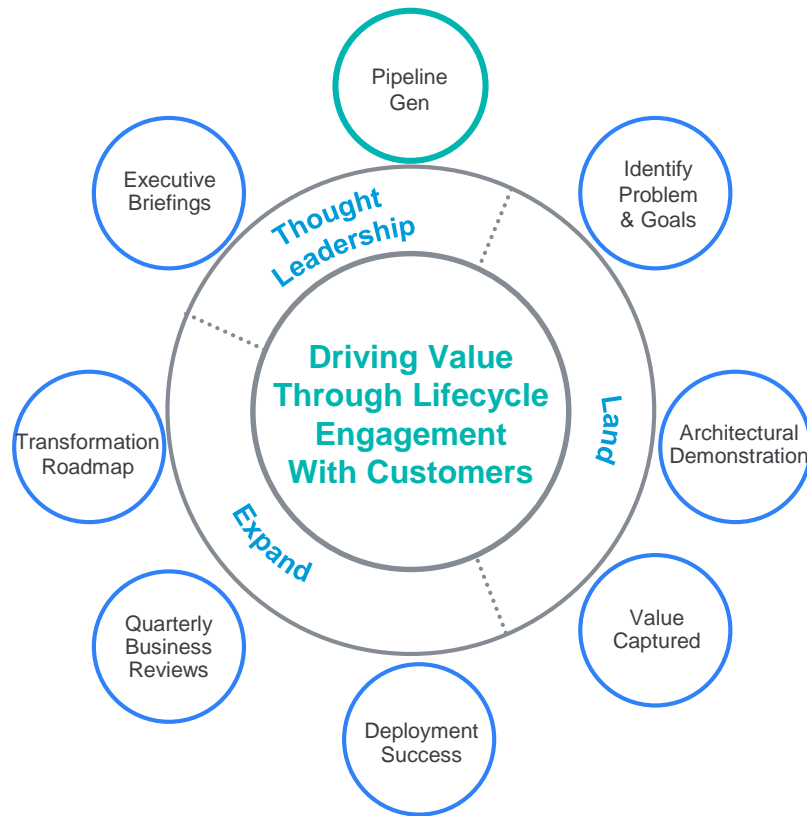
This presentation contains forward-looking statements. All statements other than statements of historical fact, including statements regarding our planned products and upgrades, business strategy and plans and objectives of management for future operations of Zscaler are forward-looking statements. These statements involve known and a significant number of unknown risks, uncertainties, assumptions and other factors that could cause results to differ materially from statements made in this message, including any performance or achievements expressed or implied by the forward-looking statements. Moreover, we operate in a very competitive and rapidly changing environment, and new risks may emerge from time to time. It is not possible for us to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results or outcomes to differ materially from those contained in any forward-looking statements we may make, including but not limited to the duration and global impact of COVID-19 on our business, operations and financial results and the economy in general; our ability as an organization to acquire and integrate other companies, products or technologies in a successful manner. Additional risks and uncertainties that could affect our financial and operating results are included in our most recent filings with the Securities and Exchange Commission (“SEC”). You can locate these reports through our website at <http://ir.zscaler.com> or on the SEC website at [www.sec.gov](http://www.sec.gov).

In some cases, you can identify forward-looking statements by terms such as “anticipate,” “believe,” “continues,” “contemplate,” “could,” “estimate,” “expect,” “explore,” “intend,” “likely,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “will” or “would” or the negative of these terms or other similar words. Zscaler based these forward-looking statements largely on its current expectations and projections about future events that it believes may affect its business. Actual outcomes and results may differ materially from those contemplated by these forward-looking statements. All forward-looking statements in this message are based on information available to us as of the date hereof, and we do not assume any obligation to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they were made.

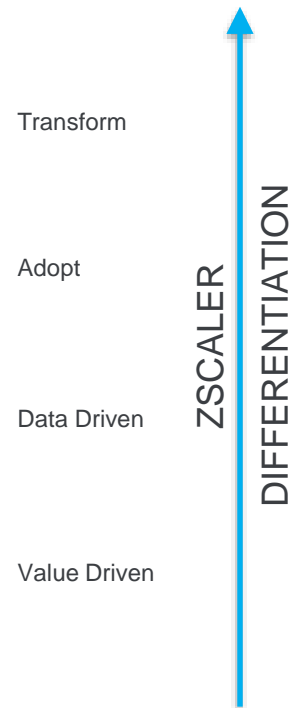
# Key Messages

- 01 World Class GTM model for driving hyper-growth, velocity and increased predictability via formulaic **productive capacity** model
- 02 Unique opportunity and solution to sell '**business transformation**' while reducing 'long term costs' and increasing agility
- 03 Sell value and deliver business outcomes every step of our engagement with the customer. **Driving maximum customer satisfaction, retention and expansion**
- 04 Increased volume from Channel Partners and Tech alliances.  
**Driving new logo and G2K**
- 05 Growth, new investment and **velocity in the Enterprise Segment** (2k-6k employees)

# Partnering at every step of the **journey**



# VALUE EXECUTION



CONSULTATIVE APPROACH

“Zscaler **enables us to save costs** and **reduce threat surface area**. It scales beautifully...we didn’t need to build out additional infrastructure. It was the **obvious solution.**”

*Steve Day, CISO,  
National Australia Bank*



### Enable M&A agility

**2-3x** Faster time to value and reduce time to integrate systems



### Better user experience & productivity

**80%** Faster user experience



### Enhance security posture

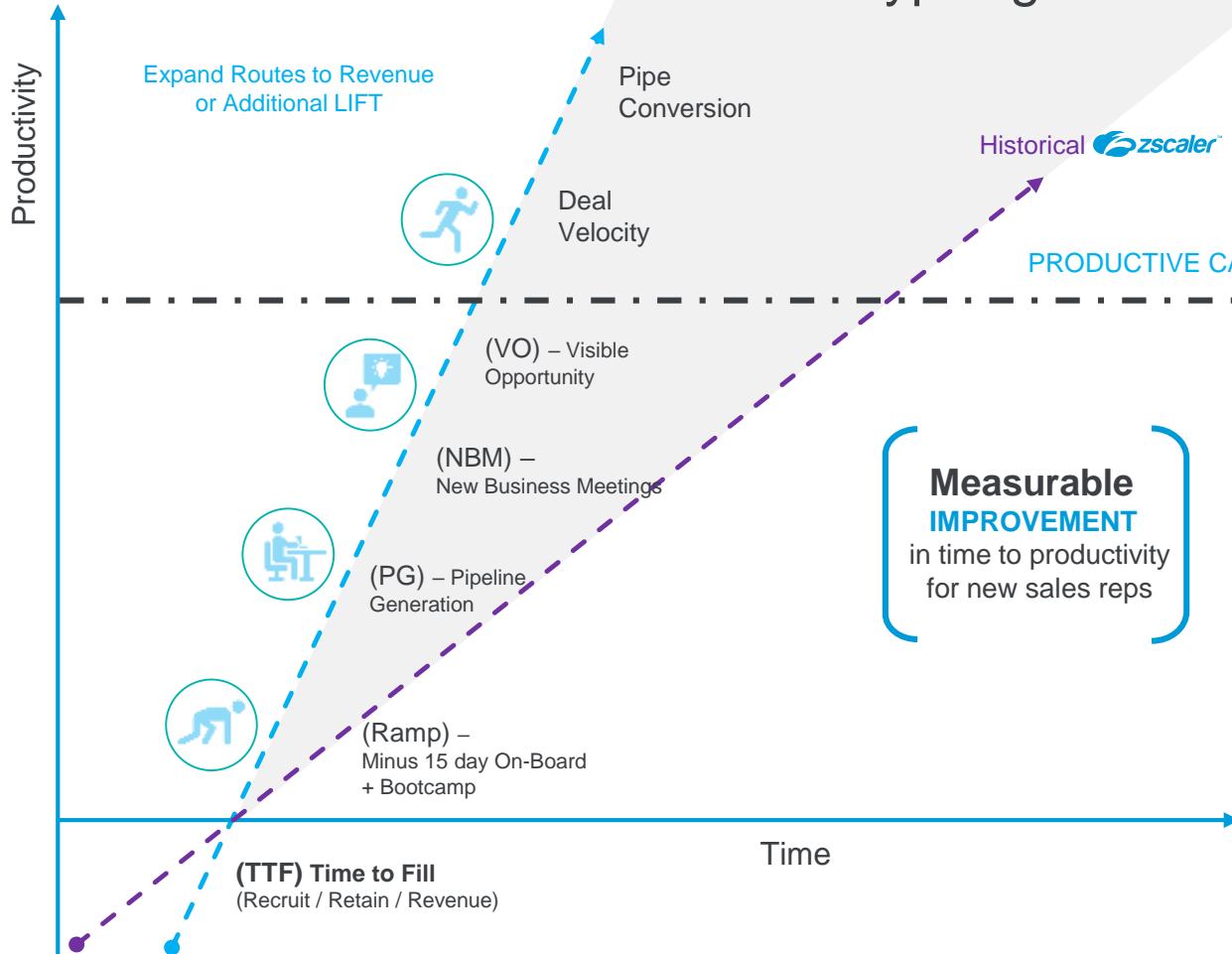
**35x** Fewer infected machines

### SIEMENS

### Technology Cost Optimization

**70%** Infrastructure cost reduction

# Hyper-growth Formula for Productivity



Built 'Routes to Revenue'  
(Partners, Renewals, Virtual Briefings, etc.)  
to help drive velocity and  
exceed productive capacity.

Developed Sales-Driven Pipeline  
Generation programs. Accompanied  
with focused training on use cases,  
personas and business outcomes.

Focused Training to reduce  
time to hire the right people.  
Built -15 day on-boarding and  
bootcamps to reduce ramp time.

# Customer Phased Journey to Zero-Trust

## Phase 1

### Empower & secure workforce

ZIA, ZPA and ZDX

Direct-to-Internet for Work-From-Anywhere

Network security → user and data protection

Accelerating M&A Integration

## Phase 2

### Protect data in the cloud

ZCP

Accelerating Cloud Migration

Direct Access to Multi-Clouds

Eliminating Attack-Surface

## Phase 3

### Enable supply chain

Secure supplier and B2B customers' access

ZPA and ZB2B

B2B Digital Services Exchange

Secure third-party access to private applications

## Phase 4

### Secure IOT and OT

ZCP and future products

Machine-to-Machine use case

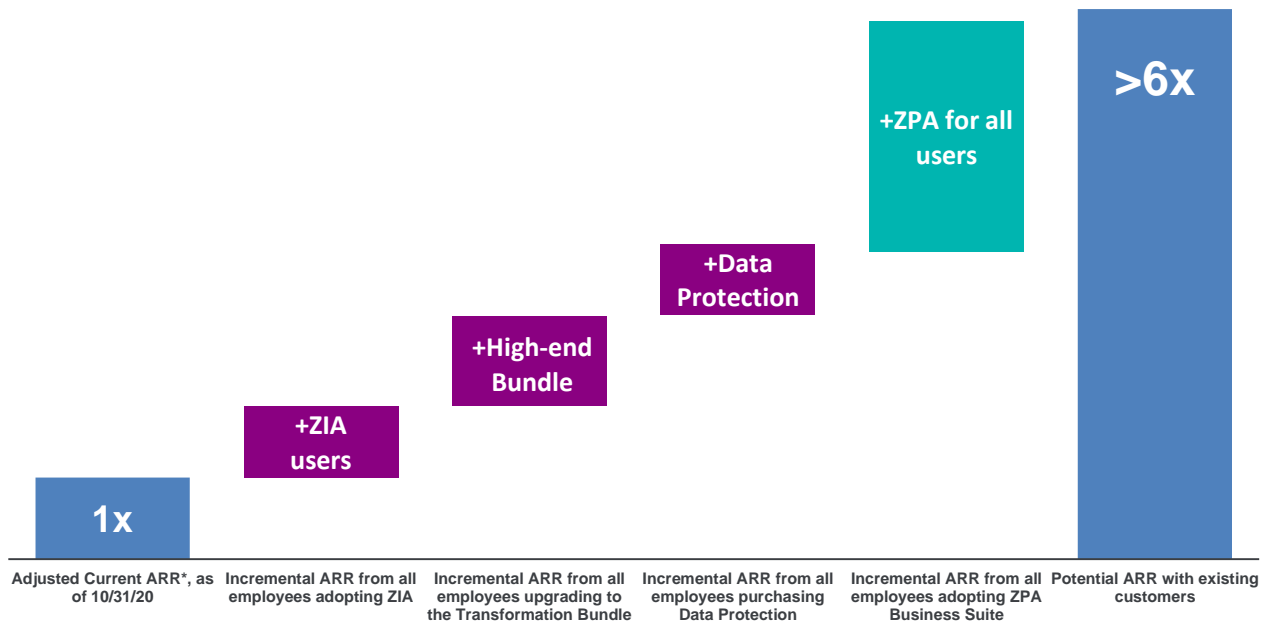
Edge Computing/5G

Standardize security architecture across the company

Enabling Zero-Trust Architecture and Cloud-based Business Agility for Digital Transformation

# >6x

## Upsell Opportunity on ZIA and ZPA alone with existing customers\*



\*Upsell opportunity analysis based on Annual Recurring Revenue (ARR) of customers with 100 ZIA seats or more, as of Q1'21 ending October 31, 2020; this process eliminates paid trials and other smaller deployments, which if included would increase upsell potential further. Our analysis also excludes OEM agreements and end customers with deals primarily based on traffic/usage. Including all adjustments as noted, Adjusted ARR represents over 95% of Total ARR.

We calculate total Upsell Opportunity as total incremental ARR from selling additional seats to cover total employees and additional ZIA and ZPA product functionality at their existing subscription prices, and then applying an incremental discount of 35% on the upsell. Our analysis excludes newly introduced products, including ZB2B, API CASB, Browser Isolation, ZDX and ZCP.

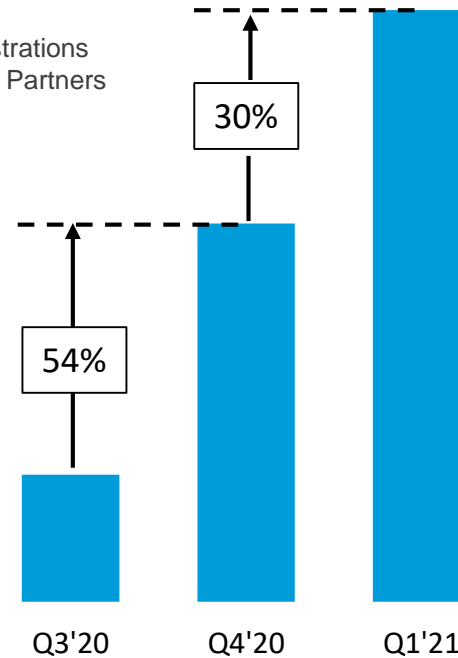
We determine *Incremental ARR* by calculating the potential value of: 1) additional ZIA seat subscriptions for customers that have purchased ZIA for none or for a subset of total employees, assuming purchase of equivalent product functionality/bundles as existing ZIA subscription, or ZIA Transformation Bundle where no prior ZIA subscription was purchased, for remaining employees, 2) additional product functionality in high-end Transformation Bundle, where customers purchased Professional or Business Bundles, 3) add-on subscriptions for Data Protection products, including DLP and Exact Data Match, and 4) additional ZPA seat subscription for customers that have purchased ZPA for none or for a subset of total employees, assuming purchase of equivalent product functionality/bundles as existing ZPA subscription, or ZPA Business Suite where no prior ZPA subscription was purchased, for remaining employees.

Total employee count for existing customers is Zscaler internal data based on various sources including customer-supplied information, public filings with SEC, Hoover's, Dun & Bradstreet, Discover.org and ZoomInfo.

## New Summit Partner Program Increasing **Confidence** and **Opportunity**

- **Summit Partner Program** initiated in Q3'20 to engage & enable Partners. Reward them with corresponding tiered benefits
- Requires Partners to participate in quarterly campaigns, sales training, **technical enablement & joint demand generation** activities
- Value Based (*not volume based*) program developed to engage early through interlock, **drive new logos** and execute together through the sales process

QoQ growth  
in Deal Registrations  
Submitted by Partners



\*Bar chart reflect non-zero baseline

**Increasing Sourced Business**  
**56% of the G2K New logo ACV in Q1'21 was Partner Sourced**

# Technical Alliances **Creating Leverage** For New Logos



ONLY security vendor in  
Microsoft's **Networking Partner Program**

ISV Partner of the Year, Microsoft Security 20/20

Broad integration across Office 365,  
Azure public cloud, Azure AD, Azure Sentinel



Extended our strategic partnership  
with VMware

Integrating with SD-WAN and Carbon Black



Building new paths to revenue with AWS

Joint GTM efforts to accelerate and supersize  
cloud initiatives

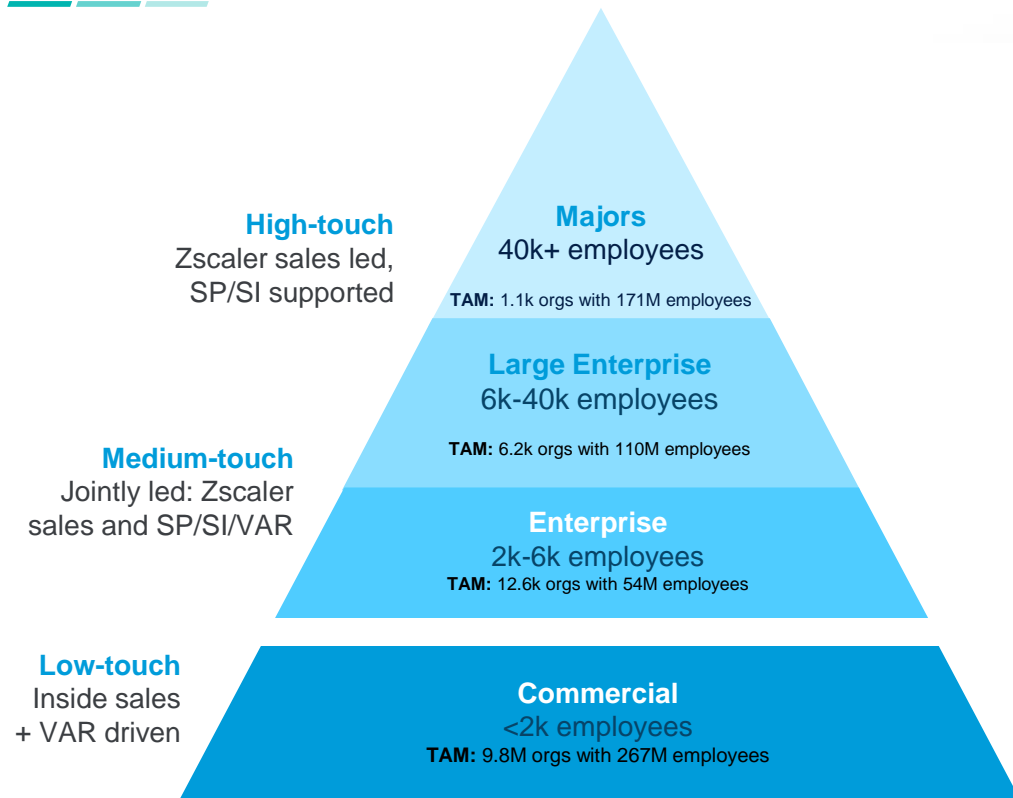


**CROWDSTRIKE**

CrowdStrike is a recent addition

Expect growth contribution as the  
partnership matures

# Scaling with Majors & Large Enterprises, While Expanding To Smaller Enterprises



Targeted account-based sale with focus on enterprises

## WINNING WITH MAJORS & LARGE ENTERPRISES

### EXPANDING TO ENTERPRISE SEGMENT NEW INVESTMENT:

- Specific marketing program dollars towards <6k employee companies.
- Specific Strategy & Enablement programs/playbooks for this segment

### ATTRACTIVE MARKET SEGMENT:

- Expands TAM significantly
- Shorter sales cycle
- Leverage: Channel plays a bigger role in the segment

### EXPLORING OPPORTUNITIES IN COMMERCIAL:

- via Distribution/MSP models, which are zero to low touch
- Partners asking for our help to service this market

Total Addressable Market (TAM) for Majors, Large enterprise, Enterprise and Commercial segments are based on data from ZoomInfo for total Global Parent Companies and their Total Employees, rounded to nearest digit, as of December 23, 2020.

# Key Takeaways

- 01 World Class GTM model for driving hyper-growth, velocity and increased predictability via formulaic **productive capacity** model
- 02 Unique opportunity and solution to sell '**business transformation**' while reducing 'long term costs' and increasing agility
- 03 Sell value and deliver business outcomes every step of our engagement with the customer. **Driving maximum customer satisfaction, retention and expansion**
- 04 Increased volume from Channel Partners and Tech alliances.  
**Driving new logo and G2K**
- 05 Growth, new investment and **velocity in the Enterprise Segment** (2k-6k employees)



# Marketing as a Driver for Growth

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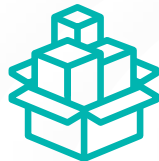
Chris Kozup  
CMO

# Investing in Marketing as a Driver for Growth



## BRAND

We are opening more doors by amplifying our Secure Digital Transformation brand promise



## DEMAND

We are specializing our demand generation engines to focus on segments



## LOYALTY

We are building on our strong customer relationships to reach new CIOs, CTOs and CISOs

# Opening New Doors with Compelling Brand Promise

Secure Your  
Digital Transformation



With the  
Zscaler Zero Trust Exchange

## PAID

86% Y/Y increase in Brand investment<sup>1</sup>

Targeted advertising and search engine marketing

CXO Summits and regional networking virtual events

## ORGANIC

ThreatLabz security research blogs and proactive PR

Strong engagement with 40+ Gartner Analysts

Showcase of customer successes

2.8x

Google Search  
Ads performance  
vs. Industry<sup>2</sup>

49%

Y/Y Growth in  
security blog  
readership<sup>3</sup>

>50%

Y/Y Growth in  
organic web traffic<sup>4</sup>

1. Source: Zscaler – Brand spend in FY20 compared to FY21

2. Source: Google – From Aug 2020 – Nov 2020 Zscaler had an average Click Through Rate of 7.10% versus the industry average of 2.5%

3. Source: Google Analytics – Visitors to Zscaler Blog website from Jan 2019 – Nov 2019 compared to Jan 2020 – Nov 2020

4. Source: Google Analytics – Organic traffic to Zscaler.com from Jan 2019 – Nov 2019 compared to Jan 2020 – Nov 2020

# 10 Years Of Leadership Culminates In Being The Only Leader

## 2020 Gartner MQ for Secure Web Gateways



Secure Web Gateway is the foundation of SASE



Most complete vision and highest ability to execute



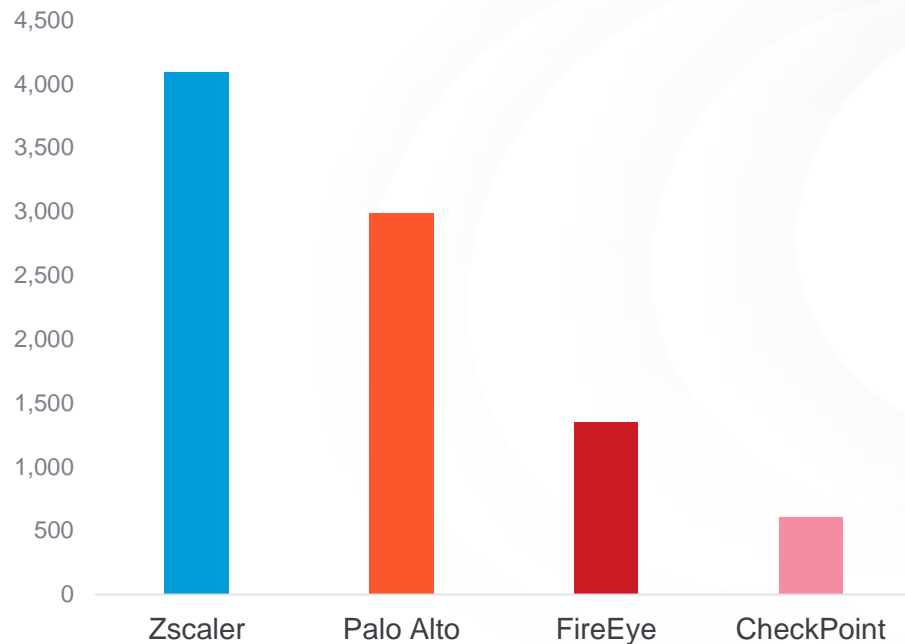
Zscaler Zero Trust Exchange accelerates secure digital transformation



Source: Gartner (December 2020)

# Customer Interest in Zscaler is Outpacing Legacy Providers

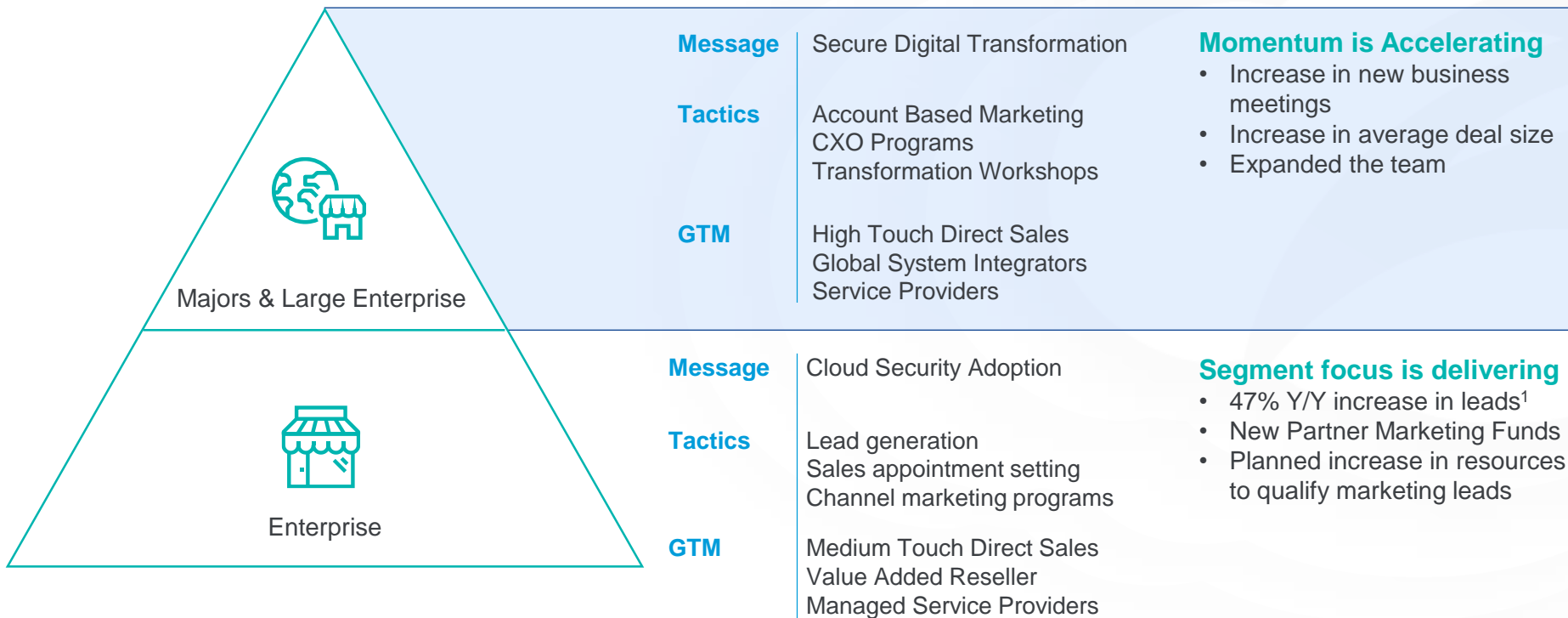
## Customer Searches on Gartner.com



Source: Gartner.com – 2020 Year to date as of December 20<sup>th</sup> 2020

# Demand Gen Efficiency Gains with Specialization by Segment

## Specialization Increases the ROI associated with Marketing Sourced Pipeline



# Extending Customer Loyalty to Increase Influence

## CXO Engagement



CXO Summits & Networking



Value Creation Analysis



Executive Insights



Quarterly Business Reviews

## Impact



Increase Upsell



Reduce Churn



Thought Leadership



Peer Introductions

## Results

42

G2K CXO Speakers at Zenith Live 2020

122%

Net Retention Rate

76

Net Promoter Score

# Key Takeaways

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01

The amplification of **our brand promise is resonating** and helping to get more 'at bats'

02

Our demand gen execution is more sophisticated by segment resulting in **more productive campaigns**

03

Our **strong relationships with CXOs** is a competitive differentiator and is opening more doors

# Q&A

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# Investing for Growth In Large Serviceable Market

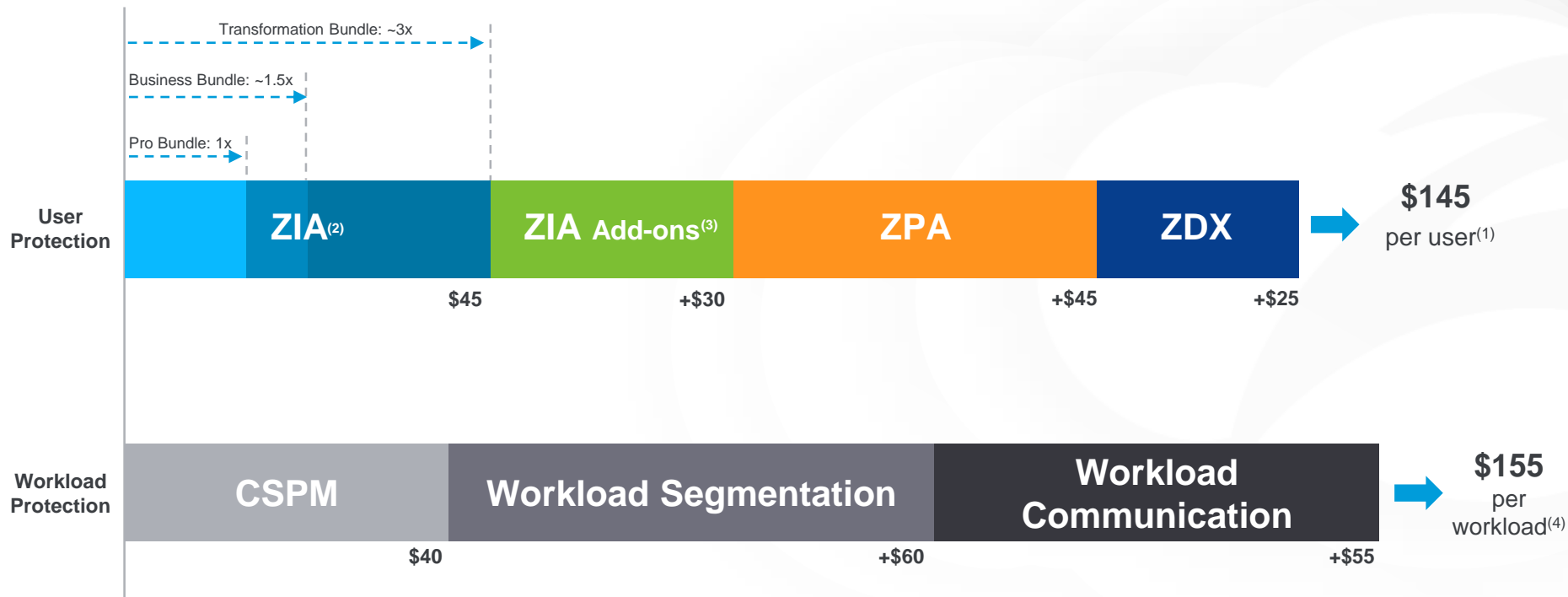
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Remo Canessa, CFO

# Key Messages

- 01 A **large market opportunity**
- 02 **Proven land and expand model** with a high net retention rate based on growing portfolio of platform solutions
- 03 **Subscription revenue model** based on price per user and price per workload generating high **recurring revenue growth**
- 04 Accelerating our investments in growth initiatives, which combined with our **attractive unit economics** drives **long term profitable growth**
- 05 Targeting operating margins of **20-22% by FY24**

# Annual Pricing Model Provides Significant Expansion Opportunities



1) Per user pricing for individual products is effective annual prices to Zscaler for customers of 5,000 seats (also referred to as ARPU, or average revenue per user), except for new products including API CASB, Browser Isolation and ZDX, where we calculate ARPU based on closed deals with high volume purchases.

2) ZIA Professional Bundle includes Secure Web Gateway. Business Bundle includes all Professional Bundle functionality, plus SSL inspection, Advanced Threat Protection, inline Cloud Application Control, Bandwidth Control, and more.

3) ZIA Add-ons include Data Loss Prevention, Exact Data Match, API CASB and Browser Isolation.

4) Per workload pricing applies to Zscaler Cloud Protection (ZCP) products, including CSPM, Workload Segmentation and Workload Communication.

As ZCP products have been available for a short period of time, pricing per workload is effective annual prices to Zscaler in closed deals with high volume purchases, as well as Zscaler's estimate for current deals in progress.

# Serviceable Users of 335M and Serviceable Workloads of 150M

## Users

**>600M Potential B2B Users<sup>(2)</sup>**  
(3<sup>rd</sup> party vendors and customers of customers)

**267M Incremental Users<sup>(1)</sup>**  
(Commercial <2k employers)

**335M Serviceable Users<sup>(1)</sup>**  
(current target market of ~20k organizations with 2k+ employees)

## Workloads & OT/IOT devices

**Billions of OT/IoT**

**338M Incremental Workloads<sup>(3)</sup>**

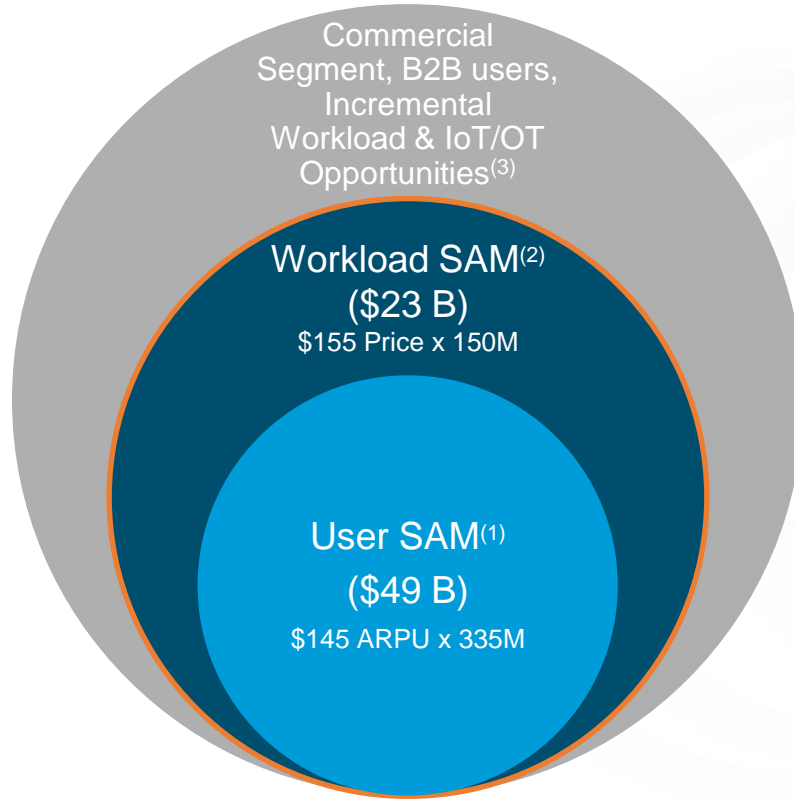
**150M Serviceable Workloads<sup>(3)</sup>**  
(current target of workloads at top public clouds)

1) Based on Zscaler's analysis of worldwide organization and employee data from ZoomInfo.

2) Zscaler's estimate of potential B2B Users is based on assuming a similar number of users as total worldwide workforce. We consider B2B users to include third-party vendors and customers of our customer.

3) Based on Zscaler's analysis of workload market forecast for 2020 from 650 Research.

# Serviceable Market of \$72 Billion, plus Bigger Long-term Opportunity



Our \$72 billion core serviceable opportunity, comprised of:

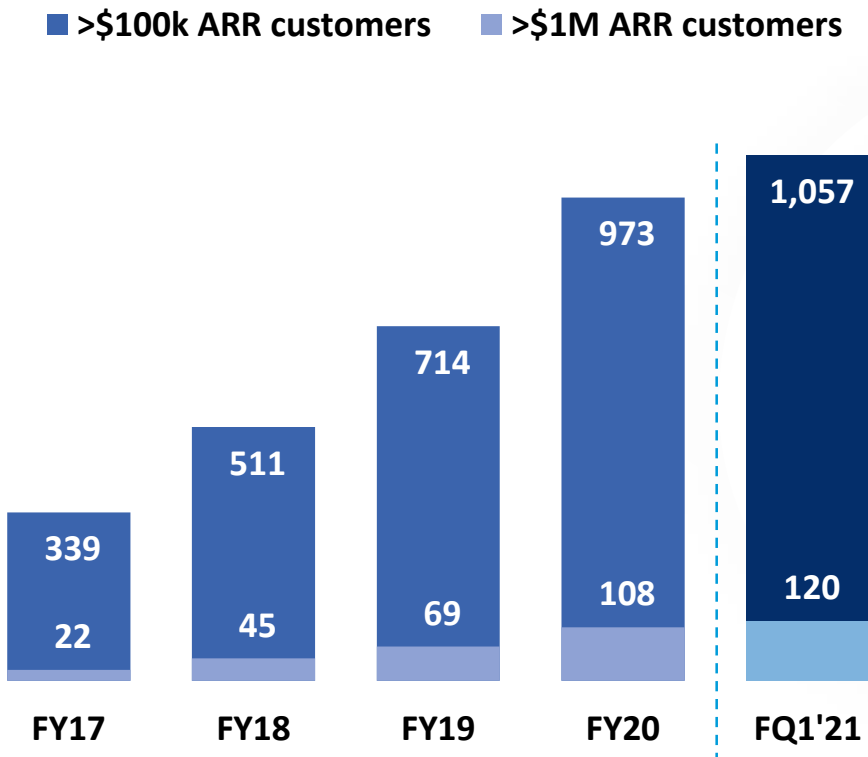
- \$49 billion user SAM focused on enterprises with 2k+ employees
- \$23 billion workload SAM for workloads in top public clouds

1) User SAM is based on Zscaler's analysis of ZoomInfo worldwide workforce data for organizations with 2k+ employees, multiplied by Zscaler's aggregate average revenue per user (ARPU) of approximately \$45 for ZIA Transformation bundle, \$30 for ZIA add-ons, \$45 for ZPA and \$25 for ZDX from customers purchasing 5,000 seats.

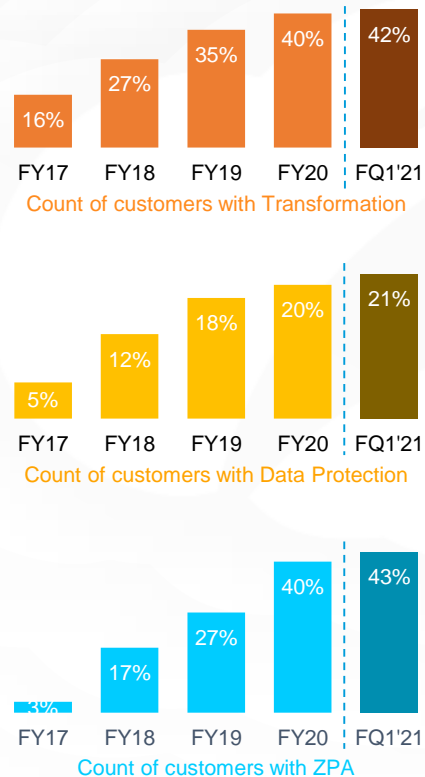
2) Workload SAM is based on Zscaler's analysis of 650 Research's workload market forecast for 2020, multiplied by Zscaler's aggregate average revenue per workload of approximately \$40 for CSPM, \$60 for Workload segmentation and \$55 for Workload Communication solutions in the ZCP family.

3) Additional future opportunity available in securing the worldwide workforce of commercial businesses with <2k employees, users of B2B third-parties and customers of customers, Incremental workloads in hybrid/private cloud and other environments, and number of connected OT/IOT devices.

# Broader Platform Adoption Amongst Our \$100k+ ARR customers



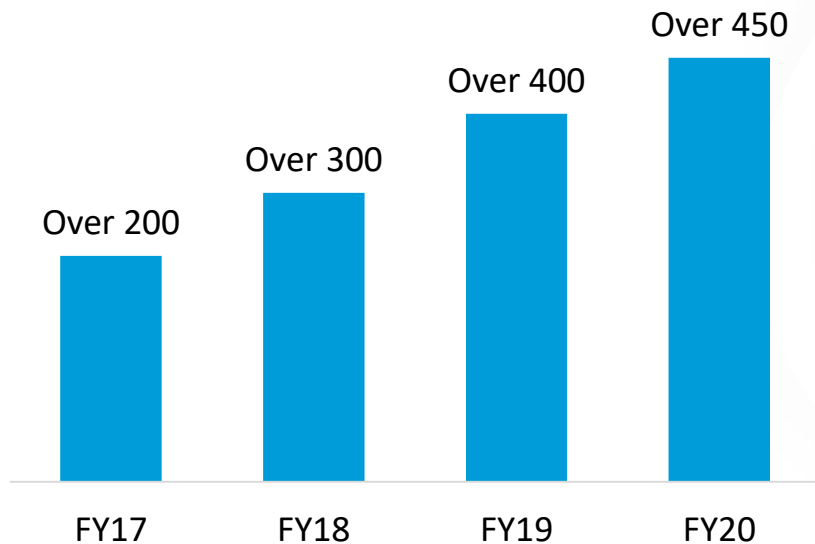
% of \$100k+ ARR customers that purchased the following products<sup>1</sup>:



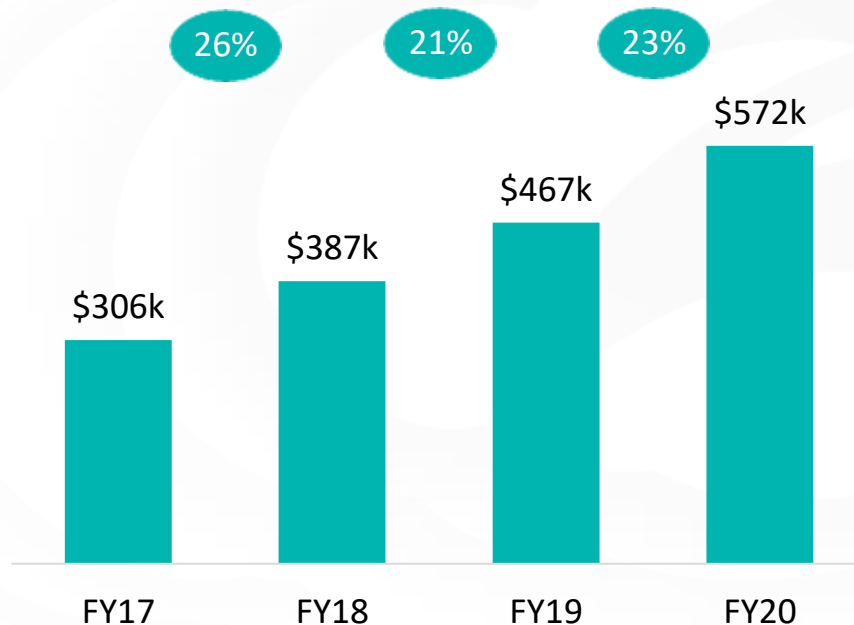
<sup>1</sup>) Product adoption charts are not drawn in exact proportion to each other.  
 Transformation Bundle includes Secure Web Gateway, SSL inspection, Advanced Threat Protection, inline Cloud Application Control, Bandwidth Control, Cloud Sandbox and Cloud Firewall.  
 Data Protection includes DLP, Exact Data Match, Out-of-band CASB, and ZIA Browser Isolation.

# Continued Addition of G2K Customers

## G2K Customers<sup>1</sup>



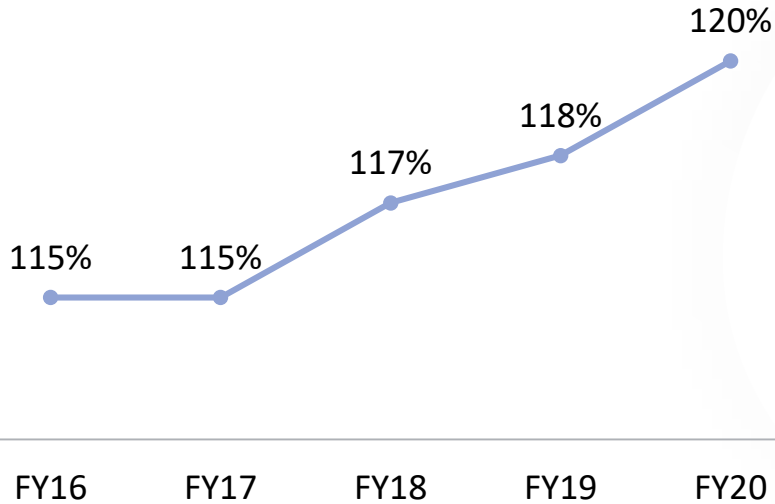
## Average ARR per G2K Customer / YoY Growth



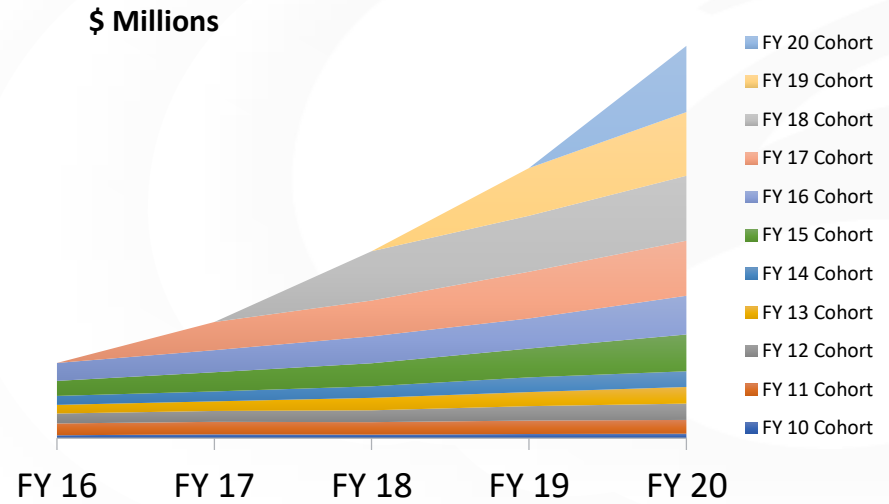
1) For fiscal year ending July 31. Each of our fiscal year G2K metrics are compiled and calculated based on the latest Forbes Global 2000 list available at the time. For example, FY19 and FY20 metrics are based on Forbes Global 2000 list published in May 2019 and May 2020, respectively. Membership in Forbes Global 2000 list can vary each year.

# Land and Expand with Very Strong Upsell Drives Strong NRR

## NRR<sup>(1)</sup> by Fiscal Years



## ARR by Cohorts

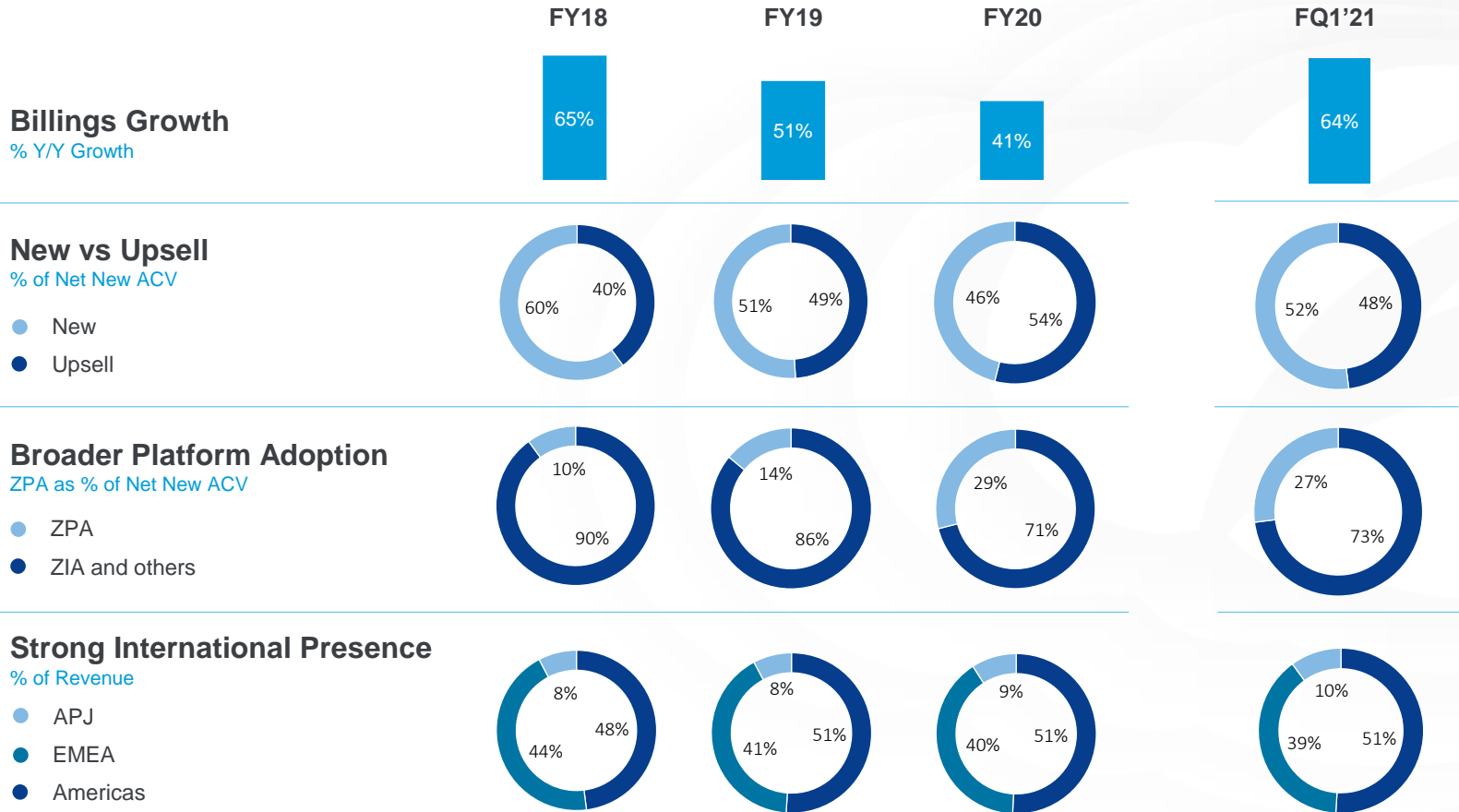


1) Dollar-based net retention rate (NRR) is calculated as follows:

*Denominator:* To calculate our dollar-based net retention rate as of the end of a reporting period, we first establish the annual recurrent revenue ("ARR") from all active subscriptions as of the last day of the same reporting period in the prior fiscal year. This effectively represents recurring dollars that we expect in the next 12-month period from the cohort of customers that existed on the last day of the same reporting period in the prior fiscal year.

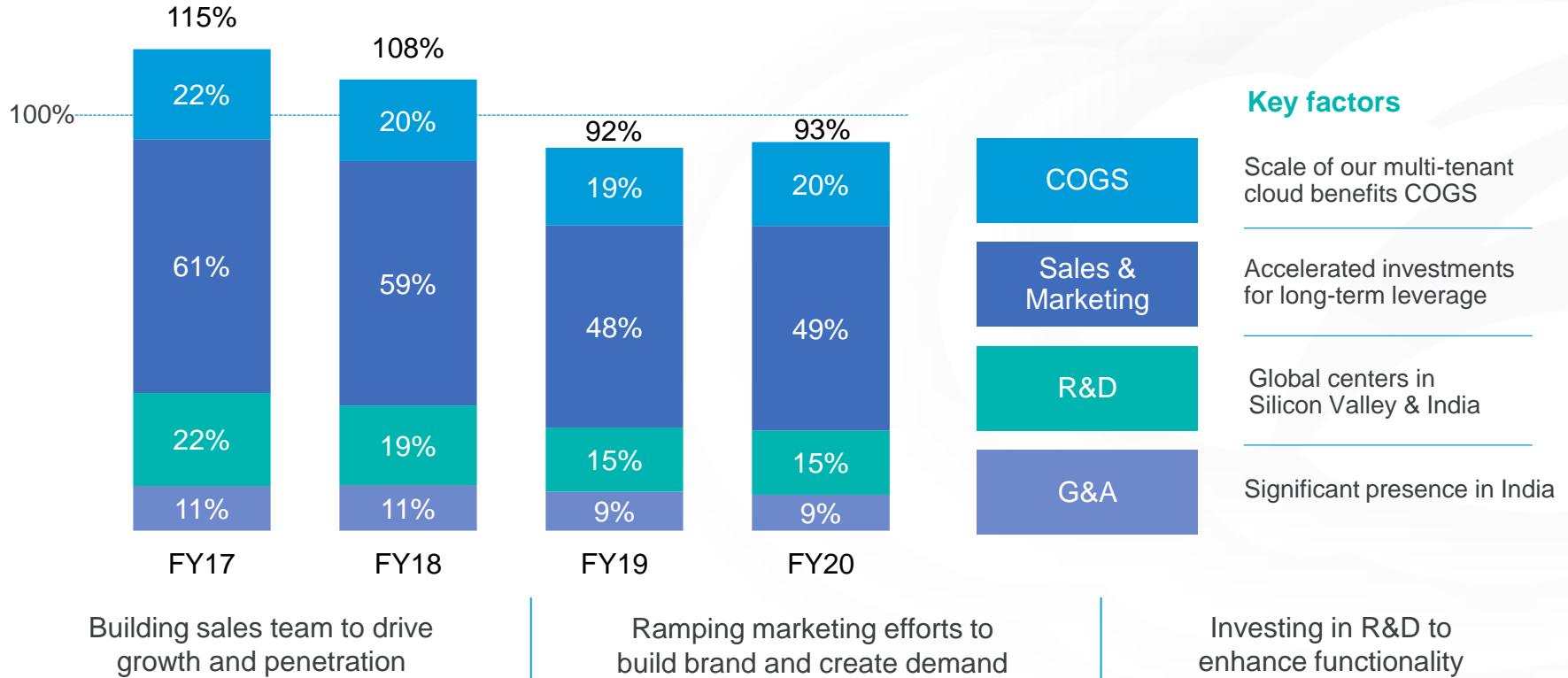
*Numerator:* We measure the ARR for that same cohort of customers representing all subscriptions based on confirmed customer orders booked by us as of the end of the reporting period.

# Key Metrics Tracking Favorably



# Investing for Growth to Capture Large Opportunity

Non-GAAP expenses<sup>1</sup> as % of revenue



<sup>1</sup>) Non-GAAP expenses exclude stock-based compensation expenses, amortization of debt discount, certain litigation-related expenses, asset impairment related to facility exits and amortization expense of acquired intangible assets. Refer to the GAAP to non-GAAP reconciliation in Appendix A

# Medium-term Model (Non-GAAP) in FY24

	FY'18	FY'19	FY'20	FY'21 Guidance	FY24 Targets
Non-GAAP gross margin <sup>(1)</sup>	80%	81%	80%	79%	78% – 82%
S&M <sup>(2)</sup>	59%	48%	49%		32% – 36%
R&D <sup>(2)</sup>	19%	15%	15%		16% – 18%
G&A <sup>(2)</sup>	11%	9%	9%		8% – 9%
Non-GAAP operating margin	(8%)	8%	7%	9%	20% – 22%
Non-GAAP free cash flow margin	1%	10%	6%		22% - 25%



- 1) Non-GAAP gross margin is defined as GAAP gross margin, excluding stock-based compensation expense and amortization of acquired intangible assets. Starting in FY21, payroll taxes related to stock-based compensation are excluded from non-GAAP. Refer to the GAAP to non-GAAP reconciliation in Appendix A
- 2) As a percentage of revenue on a Non-GAAP basis.

# Key Messages

- 01 A **large market opportunity** with an estimated **Serviceable Market of \$72 billion**, with additional future opportunities in smaller enterprises, B2B and OT/IoT device protection
- 02 **Proven land and expand model** with a high net retention rate based on growing portfolio of platform solutions
- 03 **Subscription revenue model** based on price per user and price per workload generating high **recurring revenue growth**
- 04 Accelerating our investments in growth initiatives, which combined with our **attractive unit economics** drives **long term profitable growth**
- 05 Targeting operating margins of **20-22% by FY24**

# 5 Minute Break

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# Q&A

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# Appendix

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# Explanation of Non-GAAP Financial Measures

In addition to our results determined in accordance with generally accepted accounting principles in the United States of America (“GAAP”), we believe that the presentation of non-GAAP financial information provides important supplemental information to management and investors regarding financial and business trends relating to our financial condition and results of operations. However, non-GAAP financial information is presented for supplemental informational purposes only and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. Investors are cautioned that there are a number of limitations associated with the use of non-GAAP financial measures and key metrics as analytical tools. Investors are encouraged to review these reconciliations, and not to rely on any single financial measure to evaluate our business.

## ***Expenses Excluded from Non-GAAP Measures***

Stock-based compensation expense is excluded primarily because they are non-cash expenses that management believes are not reflective of our ongoing operational performance. Effective August 1, 2020, the beginning of our fiscal year ending July 31, 2021, we have presented employer payroll taxes related to employee equity award transactions, which is a cash expense, as part of stock-based compensation expense in our non-GAAP results. These payroll taxes have been excluded from our non-GAAP results as these are tied to the timing and size of the exercise or vesting of the underlying equity awards and the price of our common stock at the time of vesting or exercise, which may vary from period to period independent of the operating performance of our business. Prior period amounts have been recasted to conform with the current period presentation. Amortization expense of acquired intangible assets is excluded because these are considered by management to be outside of our core business operating performance. Asset impairments related to facility exit costs are excluded because such charges are not reflective of our ongoing operational performance. Amortization of debt discount and issuance costs from the convertible senior notes is excluded because they are non-cash expenses and are not reflective of our ongoing operational performance. We also exclude certain litigation-related expenses consisting of professional fees and related costs incurred by us in defending against significant claims that we deem not to be in the ordinary course of our business and, if applicable, actual losses and accruals related to estimated losses in connection with these claims. There are many uncertainties and potential outcomes associated with any litigation, including the expense of litigation, timing of such expenses, court rulings, unforeseen developments, complications and delays, each of which may affect our results of operations from period to period, as well as the unknown magnitude of the potential loss relating to any lawsuit, all of which are inherently subject to change, difficult to predict and could adversely affect our results of operations. We estimate the tax effect of these items on our non-GAAP results and may adjust our GAAP provision for income taxes, if such effects have a material impact to our non-GAAP results.

## ***Key Non-GAAP Financial Measures Included within this Presentation:***

- Non-GAAP Gross Profit and Non-GAAP Gross Margin (\*)
- Non-GAAP Income from Operations and Non-GAAP Operating Margin (\*)
- Free Cash Flow and Free Cash Flow Margin (\*)

(\*) Non-GAAP to GAAP reconciliations shown on the following slides.

# Appendix A: Non-GAAP to GAAP reconciliation

(\$ in thousands)

	FY'20								Q1 FY'21							
	Non-GAAP	Stock-based comp. expense	Amortization of acquired intangible assets	Litigation-related expenses	Asset Impairment related to facility exit	Amortization of debt discount and issuance costs	Income tax expense effects	GAAP	Non-GAAP	Stock-based comp. expense	Amortization of acquired intangible assets	Litigation-related expenses	Asset Impairment related to facility exit	Amortization of debt discount and issuance costs	Income tax expense effects	GAAP
Revenue	\$ 431,269							\$ 431,269	\$ 142,578							\$ 142,578
YOY Growth	42 %						42 %		52 %							52 %
Cost of revenue	86,385	7,318	2,030				95,733		26,957	3,266	1,504					31,727
Gross Profit	344,884	(7,318)	(2,030)				355,536		115,621	(3,266)	(1,504)					110,851
Gross Margin	80 %						78 %		81 %							78 %
Sales and marketing	211,368	66,539	74				277,981		64,162	32,654	73					96,889
% of revenue	49 %						64 %		45 %							68 %
Research and development	66,426	15,090	1,280				97,879		20,870	14,900						35,770
% of revenue	15 %						23 %		15 %							25 %
General and administrative	37,165	17,365		18,356	746		73,632		10,934	9,509		416				20,859
% of revenue	9 %						17 %		8 %							15 %
Total operating expenses	314,959	114,077	1,354	18,356	0,746		449,492		95,966	57,063	73	—	416			153,518
% of revenue	73 %						104 %		67 %							108 %
Income (loss) from operations	29,925	(121,395)	(3,384)	(18,356)	(746)		(113,956)		19,655	(60,329)	(1,577)		(416)			(42,667)
Operating margin	7 %						(26)%		14 %							(30)%
Interest income	6,477						6,477		940							940
Interest expense	(140)					(4,885)	(5,025)		(359)				(12,690)			(13,049)
Other income (expense), net	(224)						(224)		268							268
Provision for income taxes	(3,498)						1,110	(2,388)	(498)							(498)
Net income (loss)	\$ 32,540	\$ (121,395)	\$ (3,384)	\$ (18,356)	\$ (746)	\$ (4,885)	\$ 1,110	\$ (115,116)	\$ 20,006	\$ (60,329)	\$ (1,577)	\$ —	\$ (416)	\$ (12,690)	\$ —	\$ (55,006)

# Appendix A: Non-GAAP to GAAP reconciliation

(\$ in thousands)

	FY'20	Q1 FY'21
Free cash flow	\$ 27,508	\$ 42,227
Revenue	431,269	142,578
Free cash flow margin	6 %	30 %
Net cash provided by operating activities	\$ 79,317	\$ 53,532
Less: Purchases of property, equipment and other assets	(43,072)	(8,904)
Less: Capitalized internal-use software	(8,737)	(2,401)
<b>Free cash flow</b>	<b>\$ 27,508</b>	<b>\$ 42,227</b>
Net cash provided by operating activities, as a percentage of revenue	18 %	38 %
Less: Purchases of property, equipment and other assets, as a percentage of revenue	(10)%	(6)%
Less: Capitalized internal-use software, as a percentage of revenue	(2)%	(2)%
<b>Free cash flow margin</b>	<b>6 %</b>	<b>30 %</b>

# Speaker Profiles

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# Jay Chaudhry, CEO, Chairman and Founder



Jay is an accomplished entrepreneur, having founded a series of successful companies, including AirDefense, CipherTrust, CoreHarbor, SecureIT, and Zscaler, now a public company as of March 16, 2018.

Jay has a history of introducing visionary innovations to market that address the demand for securely enabling emerging technology trends, such as the Zscaler global security cloud for distributed and mobile enterprises. Jay's considerable work in the security technology sector has made him a trusted advisor for many enterprise CIOs and CISOs.

Jay leverages more than 25 years of security industry expertise, including engineering, sales, marketing and management experience with leading organizations, such as IBM, NCR and Unisys. Prior to founding Zscaler in 2008, he founded and led AirDefense, a wireless security pioneer, before its acquisition by Motorola. From 2000 to 2006, Jay founded and led CipherTrust, the industry's first email security gateway, before its merger with Secure Computing. He also founded and led CoreHarbor, a managed ecommerce solution, before it was acquired by USi/AT&T. In 1996, Jay founded and led his first company, SecureIT, the first pure-play Internet security service, before it was acquired by VeriSign in 1998.

Jay has been honored as an Ernst & Young "Entrepreneur of the Year (Southeast USA)," an Information Week "Innovator & Influencer", an SC Magazine "Market Entrepreneur", an IIT BHU "Distinguished Alumnus" and a Goldman Sachs "100 Most Intriguing Entrepreneurs." He earned his MBA in Marketing, MS in Computer Engineering and MS in Industrial Engineering – all from the University of Cincinnati. He earned his Bachelor of Technology in Electronics Engineering from IIT BHU Varanasi. Jay has completed the Executive Management Program from Harvard Business School.

# Amit Sinha, Ph.D, President of R&D, Ops & Customer Service, CTO



Dr. Amit Sinha is a skilled entrepreneur and technology leader who has driven the research and development of disruptive security and wireless technologies at both start-ups and market-leading organizations. Prior to Zscaler, Dr. Sinha served as CTO for Motorola's enterprise networking and communications business, which he joined via its acquisition of AirDefense where he held the same role. He has also served as Chief Technologist at Engim, which he co-founded.

Amit earned an MS and PhD in Electrical Engineering and Computer Science from the Massachusetts Institute of Technology, and a B.Tech. in Electrical Engineering from the Indian Institute of Technology, Delhi, where he graduated summa cum laude and was awarded the President of India Gold Medal. He holds 27 US patents and has contributed to several books and dozens of conference and journal papers.

# Patrick Foxhoven, CIO & EVP of Emerging Technologies



Patrick Foxhoven is an experienced and innovative managed security entrepreneur and technologist, having spent 20 years building secure and scalable Internet-enabled networks while co-authoring three books on information security and receiving multiple patents. He is currently Chief Information Officer & Vice President of Emerging Technologies at Zscaler.

Prior to joining Zscaler in 2010, he was a founder and CIO of CentraComm, a leading managed IT security and services provider, and served earlier as an owner and principal network engineer of Friendly Net, an early residential ISP in the midwest United States.

# Dali Rajic, President Go-To-Market and Chief Revenue Officer



Dali Rajic is a progressive cloud leader with nearly 25 years of experience in sales leadership and go-to-market operational roles. Mr. Rajic has worldwide responsibility for all aspects related to revenue growth and go-to-market strategy. His 25-year career includes seven-plus years in leadership roles with AppDynamics, most recent as Chief Customer and Revenue Officer. He played a significant role in AppDynamics' rapid ascent to market leader. Prior to joining AppDynamics, Mr. Rajic held several senior sales leadership positions at BMC Software and Verint. His extensive leadership and cloud experience include building multidimensional go-to-market models, designing end-to-end customer success lifecycle programs, as well as scaling value and metrics-based enterprise sales models for direct and partner sales.

Mr. Rajic has earned an MBA, Financial and Strategic Management from Northwestern University, and a Bachelor of Science, International Marketing from California State Polytechnic University, Pomona.

# Chris Kozup, Chief Marketing Officer



Chris Kozup is a proven marketing executive with 20+ years of experience across all domains of enterprise technology marketing. He has held senior leadership roles at a wide range of successful companies, from multi-billion-dollar organizations to earlier-stage growth companies. At Zscaler, Chris is responsible for global marketing strategy and execution.

Chris was most recently CMO at Aruba, a Hewlett Packard Enterprise company, where he was responsible for the strategy and execution of global marketing, implementing scalable and sustainable marketing systems for awareness, digital demand generation, sales enablement, channel marketing, and community. He has also steered marketing teams at high-tech leaders such as Nutanix and Cisco. Earlier in his career, Chris was an industry analyst at the META Group, responsible for advising enterprise organizations on IT best practices. Chris holds a Bachelor of Arts from Ohio University and a Master of Business Administration from IE Business School in Spain.

# Remo Canessa, Chief Financial Officer



Remo Canessa is a recognized industry leader with more than 30 years of financial management experience in both public and private technology companies, including 15 years as CFO at category-leading security and network infrastructure companies. Mr. Canessa has served as our chief financial officer since February 2017.

Mr. Canessa's 30-year career includes 11 years as CFO at infrastructure leader Infoblox, where he led that company through a successful IPO in 2012, and three years as CFO at Netscreen, where he completed a successful IPO and sale of the company to Juniper Networks. His breadth of experience includes strategic planning, financial planning and analysis, investor relations, corporate finance, and treasury. Mr. Canessa has a bachelor's degree in Economics from UC Berkeley and an MBA from Santa Clara University.

# Bill Choi, SVP, Investor Relations & Strategic Finance



Bill is a Strategic Finance and Investor Relations leader with nearly 25 years of finance experience in corporate finance and capital markets roles. Bill is responsible for IR messaging, financial communications, and long-term financial planning.

Bill joined Zscaler in 2017 to prepare the company for its initial public offering and to establish its IR program. Prior to making the transition to investor relations, Bill spent over 20 years leading and building technology sector research practices at various investment banks including Jefferies, Janney, Merrill Lynch, and PaineWebber. Bill specialized in thought-leadership research across high-growth companies in networking, hardware, infrastructure software and cybersecurity industries. Bill is currently on the board of the National Investor Relations Institute's (NIRI) Silicon Valley chapter. Bill graduated with honors from the Wharton School of the University of Pennsylvania, with a concentration in finance and management. Bill is a CFA Charterholder.